

PHILIPPINE EXPORT DEVELOPMENT PLAN 2005 - 2007

Prepared by the
Export Development Council
and the Department of Trade and Industry

Approved by
Her Excellency President Gloria Macapagal-Arroyo
28 June 2005
Malacañang, Manila

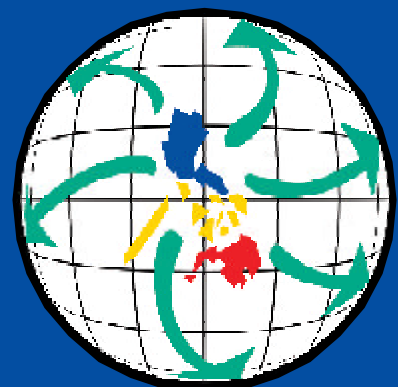


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EXECUTIVE SUMMARY

The Philippine Export Development Plan (PEDP) is a rolling three-year plan that forms part of the Medium-Term Philippine Development Plan (MTPDP). It defines the country's export strategies and programs that shall be implemented by government and the private sector.

PEDP's legal basis is Republic Act (R.A.) 7844., otherwise known as the Export Development Act of 1994. This law states that:

*"...the government shall champion exports as a focal strategy for a sustainable agri-industrial development...The private sector shall take the lead in the collective effort to promote exports... The government and the private sector shall jointly transform the Philippines into an exporting nation... the State shall instill in the Filipino people that exporting is not just a sectoral concern, but the key to national survival and the means through which economic goals of increased employment and enhanced income can most expeditiously be achieved. "*¹

As the blueprint for the country's export sector, the PEDP or "The Plan" serves as the main guide from which the government shall form their concerted action plans on exports development and for private businesses to craft their industry- and firm-level exporting strategies. Taken all together, these are designed to achieve sustainable growth of the export sector and provide opportunities for job creation.

THE CURRENT SITUATION. The years 2002 to 2004 had been a diversification and expansion period for RP exports. With a 26% total growth from 2002 to 2004, the country's exports market mix had become more balanced; distributed among five key markets with an average of 17% share each and the rest of the world accounting for the balance. These five markets - ASEAN, China, Japan, USA and the European Union - accounted for 86.4% of total RP exports in 2004.

During the same three-year period, electronics still led overall growth. The sector accounted for 67.2% of total exports in 2004. Priority export industries or Revenue Streams provided the complementary boost that enabled the export sector to weather the slowdown in 2003. The strategies introduced in PEDP 2002 - 2004, anchored on the Revenue Streams, provided the environment for expansion and diversification to happen.

RP's closest competitors, in the meantime, also showed resiliency during the same period when global developments such as the SARS epidemic, increased security concerns, and the Iraq war made international trade more challenging. The Philippines' three-year average export growth was 6.2% while Thailand's and Malaysia's were 11.3% and 9.3% respectively. Vietnam surged with a 15.8% average growth and their exports are now estimated to be US\$23 B.²

GLOBAL OUTLOOK. World output, expressed in GDP growth, is expected to ease in the next three years from a 4% growth in 2004 to an average of 3.2%.³

World trade, measured by volume of imports, is estimated to grow by 6.4% in 2005; the Asian region led by China and ASEAN will outpace this rate. Both markets are projected to grow by 7.9% in 2005. Imports of Japan and the USA are expected to increase by 5.4% while imports of the European Union will grow at 5.8% in 2005.⁴

For the next three years, the international trade environment will be more challenging brought about by moderate global economic growth. Such a scenario shall naturally intensify competition and encourage niche marketing.

RP EXPORTS TARGET. In spite of the projected moderate growth in world trade, RP's exports sector is expected to continue a strong performance led by the sectors within the Revenue Streams. A more balanced market mix and an expanding base of products and services to offer are solid factors that will enable further expansion of RP exports. The first objective is to reach US\$50 B exports of products and services in 2006.

The PEDP 2005 - 2007 outlines the strategies that will enable RP exports to reach its initial target in 2006 and provide the sector a platform to accelerate further beyond 2007.

MARKET AND PRODUCT STRATEGIES. The Plan focuses on five key markets that absorb a majority of RP exports. It also expands the definition of markets to include segments that encompass cultural commonalities across geographic boundaries. Based on this definition, the Plan stresses interventions to address these culture-based market opportunities.

Key elements from PEDP 2002 - 2004 such as industry clustering and concentration on Revenue Streams shall be expanded. These shall be revitalized with new government initiatives such as One Town One Product-Philippines (OTOP-Philippines), a program aimed at product or services development at the city or municipality level, thereby providing more options for RP exports.

On the supply side, the Plan identifies the major interventions necessary to increase RP exports' competitiveness. Aside from the invigorated industry clustering, new angles such as bundling of products and services as design-driven offerings for better merchandizing and the role of the creative industries as drivers of competitiveness will be explored. The Plan further extends the coverage of RP exports to include manufactured goods, services as well as those produced by knowledge sectors.

POLICIES, FINANCING, AND IMPLEMENTATION. Policy initiatives started in PEDP 2002 - 2004 will be continued to sustain the drive towards creating a better business environment that is more conducive for RP exports growth. Furthermore, this business environment must enable the effective execution of the strategies embodied in the Plan.

The Plan also includes guidelines on how the country's financial sector can become a more active partner in RP exports development.

The Plan's successful execution will depend on the partnership between the public sector led by the Department of Trade and Industry (DTI) and the private sector through the Philippine Exporters Confederation, Inc. (PHILEXPORT). This partnership embodied in the Export Development Council (EDC) will mobilize the resources necessary to implement the Plan.

BEAT THE ODDS, GO EXPORTS! The Plan's success will be measured by three indicators:

1. Export performance with US\$50 B in 2006 as the first milestone;
2. Jobs generation in line with the President's 10-point legacy agenda; and
3. Share of priority exports as a measure of diversification.

The Plan aims mainly to enable the export sector's stakeholders to generate specific action plans for their organizations to fully participate in the expansion of the country's exporting capabilities.

CHAPTER I: FRAMEWORK AND PLANNING PROCESS

The framework of the PEDP 2005 – 2007 is derived from two documents:

1. Medium Term Philippine Development Plan (MTPDP) 2004 – 2010; and
2. Philippine Export Development Plan (PEDP) 2002 – 2004.

Contained in Chapter 1: Trade and Investment, Section II: Goals, Strategies and Action Plans of the MTPDP are the following provisions pertinent to the formation of the PEDP:⁵

A. Targets - *proclaim the immediate objective that the Plan will need to achieve:*

"...Exports of goods and services are targeted to increase from US\$42.81 B [in 2004] to US\$50 B [in 2006] or a minimum growth of 10% every year as the government focuses on priority areas such as ICT, automotive, electronics, mining, healthcare and tourism..." [italics supplied]

B. Strategic Measures

To strengthen and sustain global competitiveness and create 10 million jobs, the government will focus on five strategic measures:

1. Make food plentiful at reasonable prices to make labor cost globally competitive (Chapter 2: Agribusiness);
2. Reduce the cost of electricity to make the cost of running the machines and manufacturing processes regionally competitive (Chapter 11: Power Sector Reforms);
3. Modernize the physical infrastructure and logistics system at least cost to ensure efficient movement of goods and people (Chapter 6: Infrastructure);
4. Mobilize and disseminate knowledge to upgrade technologies and increase people's productivity (Chapter 19: Science and Technology); and
5. Reduce red tape in all government agencies to reduce transaction costs (Chapter 21: Anti-Corruption).

C. Action Plans - *serve as a set of broad guidelines that the Plan shall follow:*

■ Investments

Draw up a more focused incentives package with focus on priority areas:

- a. Information Technology and IT-enabled Services Sector
- b. Automotive
- c. Electronics
- d. Mining
- e. Healthcare and Wellness
- f. Tourism
- g. Shipbuilding
- h. Fashion Garments
- i. Jewelry
- j. Agribusiness

■ Exports

- a) Maximize exports and investment opportunities offered by trade agreements;
- b) Pursue market-driven strategy that will link our supply capacity closer to the high impact markets;
- c) Simplify export and import procedures and facilitation;

- d) Maintain existing and develop more competitive export products and services and diversify markets; and
- e) Pursue government's Legislative Agenda.

As a rolling plan, the PEDP 2005 - 2007 is guided by the following parameters on competitiveness as a continuing driving force for RP exports:

The President's Quadrants of Competitiveness:

1. Sustain and grow existing competitive products and services;
2. Transform non-competitive products and services that have high probability of success to become globally competitive players;
3. Transition non-competitive industries towards new competitive models giving sufficient time to address social and equity issues; and
4. Leverage government importation of products and services to achieve added-value concessions.⁶

These parameters formed part of the PEDP 2002 - 2004 framework.

PEDP 2005 - 2007 continues the successful elements of the previous Plan, ensuring the permanence of the gains achieved in the past three years.

Planning Process

In 2004, while the MTPDP was being finalized, the EDC Secretariat, together with the Bureau of Export Trade Promotion (BETP), conducted workshops on the simplification of export procedures as part of the basic research for the PEDP. This activity focused on identifying areas for improvement on two pertinent laws: Presidential Decree 930 (Simplifying Export Procedures and Documentation) and Executive Order 1016 (Withdrawing the Inspection, Commodity and Export Clearance Requirements on Philippine Exports).

Given the rapid events in the global marketplace, declarations about the future state of major economies in the Asia Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN), and World Trade Organization (WTO) were seriously considered in the Plan as these affect opportunities, priorities, and objectives. Research on global market situation, actual supply condition, and RP export performance as basic input were thus conducted. Scenarios were drawn up to provide sensitivity analysis based on possible increases and decreases of import demand from key markets as well as movements in RP exports supply capabilities.

A series of consultations with the public, private sector, and industry groups via regional meetings in Metro Manila, Cebu, and Davao was conducted. These were led by EDC in coordination with the following:

1. Department of Trade and Industry (DTI);
2. Department of Agriculture (DA);
3. Department of Science and Technology (DOST);
4. Department of Health (DOH);
5. Department of Environment and Natural Resources (DENR);
6. Technical Education Skills Development Authority (TESDA);
7. Bureau of Customs (BOC);
8. National Economic Development Authority (NEDA);
9. Bangko Sentral ng Pilipinas (BSP), and
10. Philippine Exporters Confederation, Inc. (PHILEXPORT).

Final review and validation across the board was done through the EDC members and its Executive Committee.

CHAPTER II: STATE OF PHILIPPINE EXPORTS

A Positive Trend

After declining in 2001 by -15.6% in FOB US\$ values, RP exports registered positive performance by an average of 7.2% from 2002 to 2004. This positive performance was against a backdrop of continued strong growth in global trade (Table 1).

The expected negative effect of the 9/11 terrorist attacks, felt initially in 2002, was somehow mitigated by the renewed confidence on safer trade ensured by more stringent import regimes of the European Union and the United States. Because of this, recovery of global trade was swift after 2002.

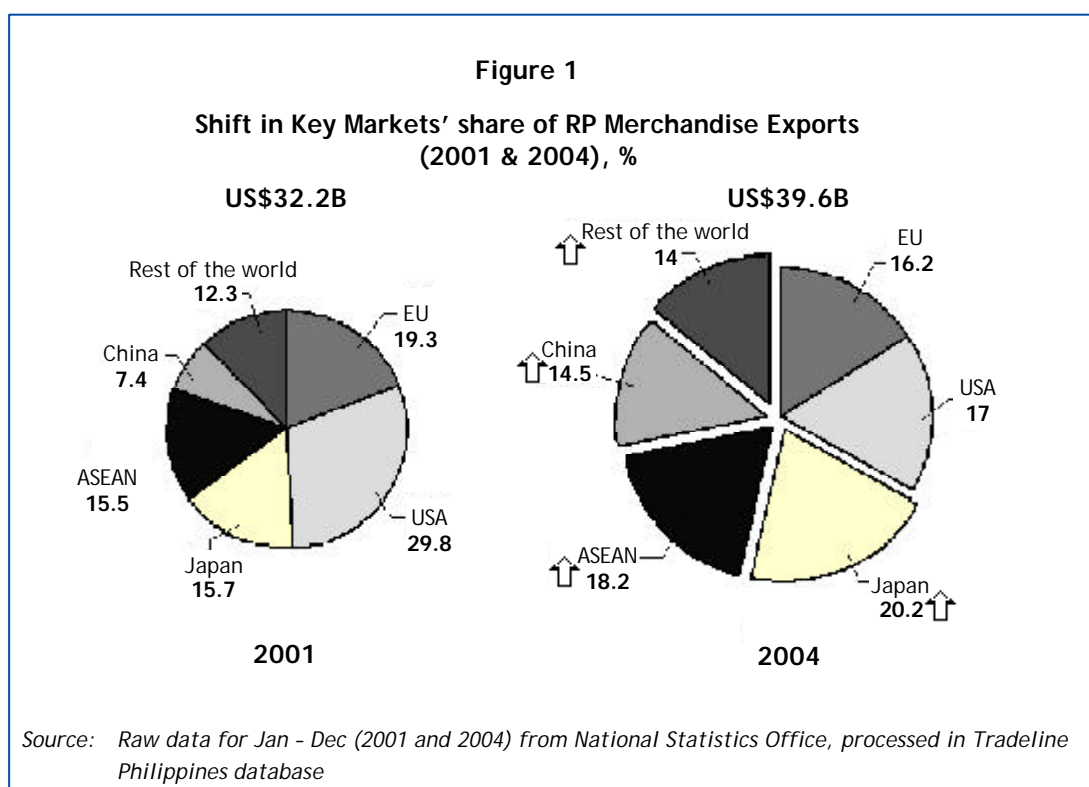
In 2003, the drop in RP exports was mainly attributed to the slowdown experienced by the global electronics sector. However, the same year showed an encouraging trend - exports of non-electronic products increased by 11% while electronics exports declined by -3% resulting in a total growth of 2.9%. The results of the diversification strategies that were set into motion became more pronounced, indicating that RP exports were able to expand despite a slowdown in the global electronics market.

| | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|----------------------------|-------------|-------------|-------------|
| RP Exports Growth | 9.5 | 2.9 | 9.3 |
| PEDP 2002 - 2004 Target | 10.0 | 15.0 | 16.0 |
| Global Trade Volume Growth | 3.7 | 5.5 | 10.2 |

Sources: National Statistics Office; PEDP 2002-2004; Global Economic Prospects 2005, The IBRD / The World Bank

Diversified Markets and Product Base

After a total growth of 26% between 2001 and 2004, RP exports now have better market distribution:



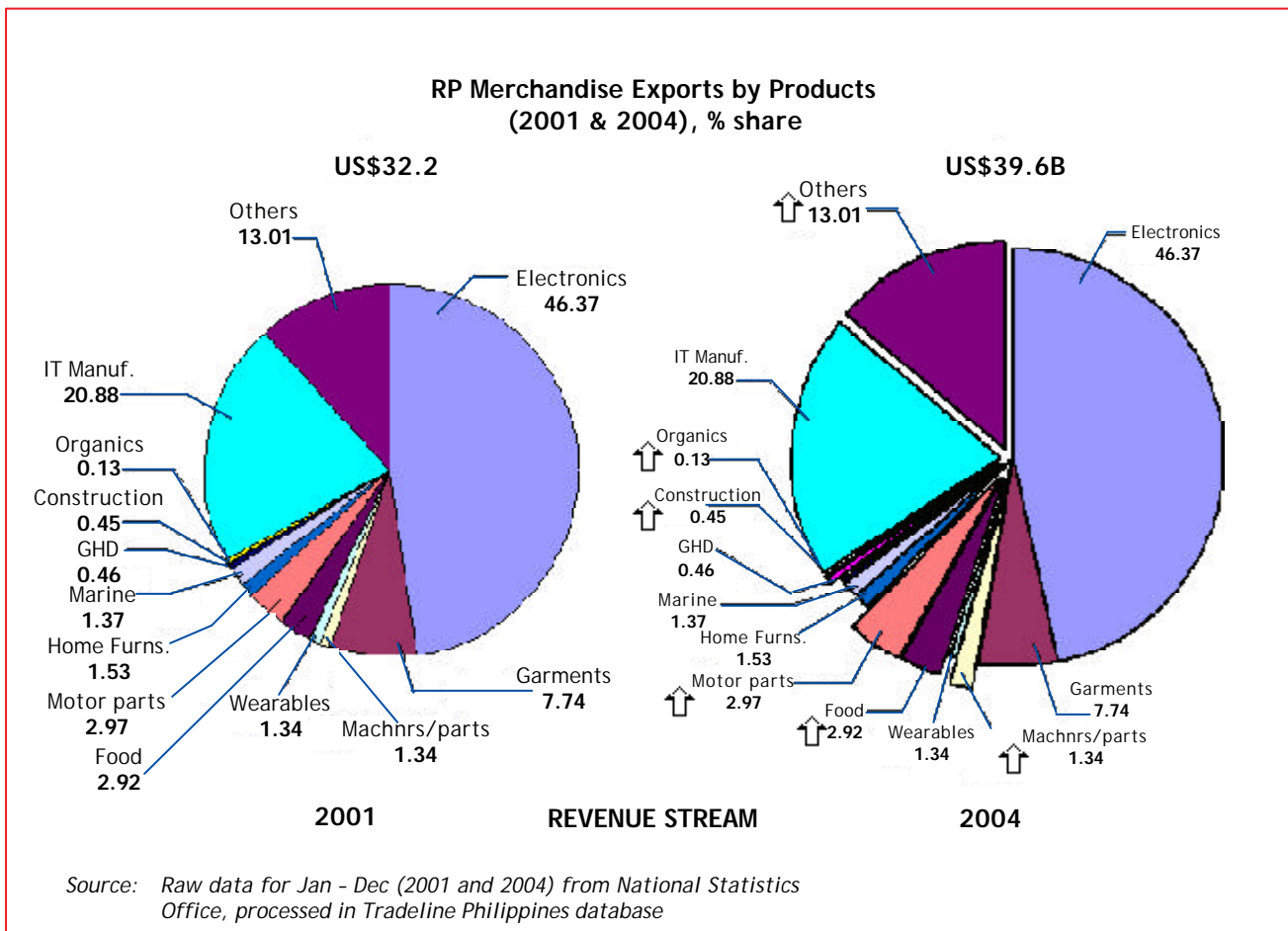
Diversification led to a more balanced market mix among five key markets (Table 2).

During the past three years, there was a significant shift of manufacturing activities from the USA to China. RP exports to China during 2002 to 2004 gained by US\$1.3 B while RP exports to the USA declined by US\$1.2 B. Most of the gains in China were attributed to the electronics and garments sectors. Japan, on the other hand, recovered from recession in 2004 and showed significant increase of imports from RP during that year. Increased economic activities in China and Japan pulled up the ASEAN region. On the other hand, the US and EU markets developed stricter import regimes with the introduction of the US Bio-terrorism Act, the enactment of the International Ship and Port Facility Security (ISPS) Code, and various stringent Sanitary and Phyto-sanitary (SPS) standards.

| Markets | Share of RP Exports (%) | |
|-------------------|-------------------------|------------|
| | 2001 | 2004 |
| TOTAL | US\$ 32.2B | US\$ 39.6B |
| Japan | 15.7 | 20.2 |
| ASEAN | 15.5 | 18.2 |
| USA | 29.8 | 17.0 |
| European Union | 19.3 | 16.2 |
| China | 7.40 | 14.5 |
| Rest of the World | 12.3 | 14.0 |

Source: Raw data for Jan - Dec (2001 and 2004) from National Statistics Office, processed in Tradeline Philippines database

The market and product diversification strategies pursued during the past three years enabled RP exports to address and maximize these market trends. Implementation of these strategies resulted to industries outside of electronics gaining significant headway into key markets. The Revenue Streams movers include food, motor vehicle parts, home furnishings, giftwares and holiday decors. Most of these sectors recovered in 2004. An enlargement of the export base was noted, gearing up the momentum for continued diversification (Figure 2).



The moderate growth of RP exports in 2003 highlighted the extent by which other products moved up the value chain. Increases in food, motor vehicle parts, organics, and transport and machineries exports cushioned the impact of the slowdown in the electronics industry. Improvements in technology enabled products to move up the value chain, e.g., improvements in packaging enabled food products to penetrate major retail chains such as Costco. Increased investments enabled exports of completely built-up units (CBUs) and sport utility vehicles (SUVs). Upsurge of orders such as those of automotive wiring harnesses also contributed to the 2.3% increase in 2003. Table 3 shows these comparative growth rates among the Revenue Streams.

Table 3

| Product | Average growth rate (%) | |
|------------------------------|-------------------------|--------------------|
| | <u>2003 - 2004</u> | <u>2002 - 2004</u> |
| TOTAL | 9.29 | 6.10 |
| Electronics | 9.58 | 5.16 |
| Garments | (4.27) | (4.32) |
| Transport and Machineries | 19.57 | 34.56 |
| Revenue Streams | | |
| Other Wearables | (12.72) | (9.33) |
| Food | 2.38 | 9.14 |
| Motor Parts | 32.52 | 23.07 |
| Home Furnishings, Housewares | 1.60 | (4.01) |
| Marine Products | (0.92) | 1.74 |
| Giftware and Holiday Decor | 7.81 | (0.37) |
| Construction Materials | 23.77 | 18.75 |
| Organic Products | 13.64 | 30.99 |
| IT Manufactures | 11.84 | 4.04 |
| Others | 8.07 | 13.69 |

Source: Raw data for Jan - Dec (2002 - 2004) from National Statistics Office, processed in Tradeline Philippines database

CHAPTER III: GLOBAL OUTLOOK AND EXPORT TARGETS

From Recovery to Expansion in 2004

The world economy accelerated sharply in 2004, resulting in an expansion of global GDP by an estimated 4%. Growth of all developing regions was faster compared to their average rates 10 and 20 years ago and this expansion preceded the recovery in higher-income countries. The strong economic performance of China, Russia, and India is among the major contributors to last year's global growth. These countries' increased import demand helped boost economic performance of their trading partners most of which are developing countries.⁷ As these three countries adapt more sustainable economic policies, a stronger foundation for further growth is being realized. Such a direction bodes well for developing countries whose significant portions of exports are shipped to these relatively larger economies. For example, the marked increase of Philippine and ASEAN exports to China over the past three years exemplifies the growing influence of China in the region.

Other factors that contributed to global growth in 2004 include strong oil revenues, increase in investment and household consumption in the US, and improvement of exports of Japan and the EU. Majority of the increase in the demand for Japanese and EU exports came from other developing countries. Furthermore, substantial inward investment flows associated with the accession of many of the European and Central Asian region's members to the EU, also contributed to these positive outcomes.⁸

World market expected to grow moderately

Current assessment of world markets points to moderate growth in the next two years. According to the World Bank, "...growth should moderate in 2005 and 2006, led by a slowing of the expansion among developed countries. Several factors are likely to contribute to this more moderate pace of activity:

First, the investment cycle in the US has likely peaked, implying a slowdown in growth, productivity, incomes and therefore spending.

Second, world demand has outstripped supply, resulting in substantial increases in oil and other commodity prices have cut into incomes, moderating demand in many countries.

Third, higher interest rates will slow investment growth as central banks continue shifting monetary policy from a loose to a more neutral stance.

Fourth, the large fiscal impulse that has helped propel the US economy in recent years will weaken in 2004-although the deficit will remain high; and in Europe, budgetary policy is expected to tighten as countries seek to regain control over deficits, which in many cases exceed Maastricht limits.

Finally, efforts in China to bring growth down to a more sustainable pace may also contribute to weaker, but still strong, demand over the medium term."⁹

Table 4

| Market | GDP change in real terms (%) | | |
|----------------|------------------------------|-------------|-------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| USA | 4.3 | 3.2 | 3.3 |
| European Union | 1.8 | 2.1 | 2.3 |
| ASEAN | 5.8 | 5.5 | 5.5 |
| China | 9.5 | 8.3 | 7.1 |
| Japan | 4.3 | 1.8 | 1.6 |
| World | 4.0 | 3.2 | 3.2 |

Sources: *Global Economic Prospects 2005*, The IBRD / The World Bank; *China Quarterly Update 2005* World Bank, Beijing; *ADB Development Outlook 2004 Updates*

Outcome of government efforts in China to contain expansion somehow remains uncertain. According to the World Bank, "The risk of China's economy overheating has declined, as domestic demand growth and consumer price inflation have come down in the wake of measures taken to cool the economy. However, the domestic slowdown was more than compensated by buoyant export growth and moderating import growth."¹⁰

On the other hand, China will have to grow at a certain level in order to absorb the estimated 10 million people who enter the work force every year. Still, the possibility that lower imports from China may lead to slower export growth of trading partners should be considered.

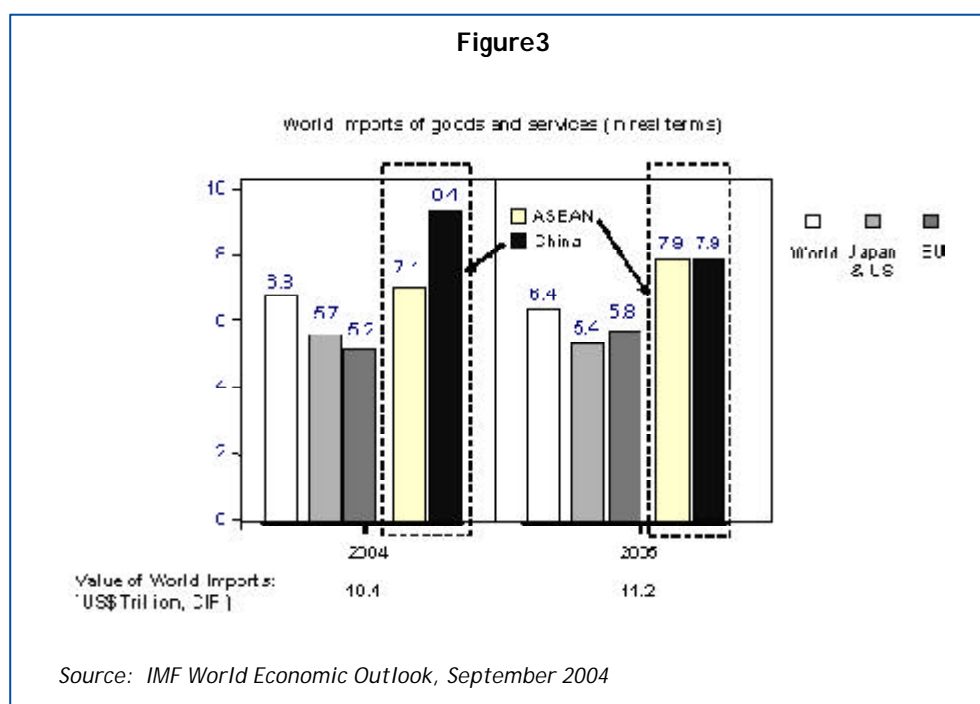
Although slowdown in some countries is expected to occur, other regions, such as ASEAN and EU, are expected to have high potential for growth. Central and Eastern European expansion will continue to be investment-led. The accession of 10 new countries into the EU will start to take effect, further supporting intra-regional trade. Definitely, major EU economies will be shifting their investment to the new members while trade in petroleum and oil-based products is expected to expand.¹¹

Furthermore, recent measures taken by ASEAN economic ministers will accelerate regional integration and will likely support vertical complementation along the supply chain of various products. For instance, ASEAN will establish itself as the garments center of the world, where each country within the economic area will concentrate on a specific process and expertise along the value chain. For example, it is likely that the Philippines will focus on design and branding, Indonesia on fabric manufacturing, Singapore on logistics, and Malaysia on garments manufacturing.

Combined upswings in ASEAN and the EU and downswings in the rest of the world equate to probable moderate global economic growth in the coming years. In such a scenario, businesses will naturally look into areas for further operational streamlining and market retention to maintain profitability, while consumers will want value for money. Success in this environment of intensified competition requires factors such as production efficiency, cost competitiveness, and effective customer servicing. Expansion of markets will depend on effective segmentation and focused niche marketing.

Trade growth: Asia to outpace the world

In 2005, Asia's import demand is expected to outpace world trade growth, led by ASEAN and China. ASEAN is expected to increase from 7.1% in 2004 to 7.9% in 2005. However, a slowdown in China's import growth is expected from 9.4% in 2004 to 7.9% in 2005. At this rate, China will still outpace world import growth of 6.4% in 2005.¹² (Figure 3)



In the coming years, intra-Asian regional trade will continue to be one of the driving forces for Philippine exports' expansion.

In spite of a moderate expansion in the world market, the Plan targets a growth pattern that will enable Philippine exports to reach its immediate milestone of US\$50 B in 2006 (Table 5).

Philippine exports aim to grow faster than global projections through a base growth of 10% per year for goods and at least 13% for services. Its foundation includes a balanced market mix which will provide for more opportunities for exporters and better risk management, and a continuing and accelerating diversification of its products and services. The breakdown of the targets of Philippine exports by Revenue Streams and key markets is presented in Annex A.

Table 5
Goods and Services Export Targets (2005-2007)

| | <i>Goods & Services Exports (US\$ B)</i> | <i>Goods Target</i> | <i>Services Growth (%)</i> |
|--------------|--|---------------------|----------------------------|
| 2005 | 47.45 | 10 | 13 |
| 2006 | 52.30 | 10 | 15 |
| 2007 | 58.20 | 11 | 16 |
| 2004(US\$ B) | 42.81 | 39.60 | 3.21 |

Source: MTPDP 2004-2010, p. 5, Table C; NSO

CHAPTER IV: STRATEGIES

A. MARKET STRATEGIES AND NEGOTIATIONS

Five key markets absorbed 86.4% of total Philippine exports in 2004. The strategic imperatives for these key markets are the following:

1. Increase the penetration of Philippine products and services; and
2. Expand the product range that will be offered.

To achieve this, the Philippines shall intensify the linkage between market access negotiations and trade promotion activities. Effective combination of these two enables better matching between RP exports supply capabilities and market demand. In effect, such alignment will maximize the country's limited resources and will deliver higher impact to export performance.

In addition to the key markets, secondary markets shall be addressed based on the opportunities that are presented by trade agreements, business matching, and those resulting from developmental activities of government and the private sector.

The Plan is also cognizant of the opportunities provided by specific market segments such as those defined along cultural bounds. These culture-based markets that will provide opportunities to Philippine exports include but are not limited to:

- Halal;
- Kosher; and
- Overseas Filipinos.

1. GEOGRAPHIC MARKETS

ASEAN

Background

The ASEAN groups 10 countries that have a combined population of 550 million, and a combined GDP of US\$852 B in 2004. ASEAN makes up one of the largest regional markets in the world.

ASEAN cooperation has resulted in greater regional integration. Within a span of 10 years from the launching of ASEAN Free Trade Agreement (AFTA), exports among ASEAN countries grew from US\$43.7 B in 1993 to almost US\$99.7 B in 2003, a total growth of 128%. Tourists from ASEAN countries have been representing an increasingly important share of tourism in the region. In 2003, of the 37.5 million tourist arrivals in ASEAN, 16.2 million or almost 43.2% came from within ASEAN.¹³

In this context, the Philippines shall:

Maximize benefits from ASEAN Priority Integration Sectors; and

Confirm primacy of intra-ASEAN interest while seizing opportunities gradually arising from interaction with ASEAN dialogue partners.

A significant development for ASEAN took place at the Bali Summit of October 2003: the ASEAN leaders committed to the creation of an ASEAN Economic, Security and a Socio-Cultural Community (AEC). It is characterized by a single market and production base, with free flow of goods, services, investment and labor, and freer flow of capital. The Philippines supports this development, considering the possible benefits of closer regional integration.

The Philippines has already made inroads to preparing a national strategy for its economic engagement with ASEAN to establish the AEC, initially focusing on 11 priority sectors: wood-based products; automotive, rubber-based products; textiles and apparels; agro-based products; fisheries; electronics; e-ASEAN; healthcare; air travel, and tourism. This program is known as the ASEAN Priority Integration Sectors (PIS).

The approach recommended for the integration of these priority sectors is premised on:

- Combining the economic strengths of ASEAN member countries for regional advantage;
- Facilitating and promoting intra-ASEAN investments;
- Improving conditions to attract and retain manufacturing and other economic activities within the region;
- Promoting outsourcing within ASEAN; and
- Promoting the development of “Made in ASEAN” products and services.

Individual roadmaps were developed for each of the priority sectors and shall be implemented with the active involvement of the private sector. Measures have been identified to fast-track integration of the goods sector by way of:

- Zero internal tariffs;
- Immediate removal of barriers to trade;
- Faster customs clearance and simplified customs procedures; and
- Accelerated development of Mutual Recognition Agreements (MRAs) and harmonization of product standards and technical regulations.

The integration of services sectors will be implemented through:

- Accelerated liberalization by 2010;
- Accelerated development of MRAs; and
- Aggressive promotion of joint ventures and cooperation, including those in developing country markets.

Additionally, the Philippines shall:

Work for stronger ASEAN focus on BIMP-EAGA as counter balance to Mekong River basin development.

Within ASEAN is the sub-grouping of Brunei-Indonesia-Malaysia-Philippines East Asian Growth Area (BIMP-EAGA). It is comprised of the entire Sultanate of Brunei Darussalam; 10 provinces in the Indonesian islands of Kalimantan, Sulawesi, Maluku, and Irian Jaya; Sabah, Sarawak, and Labuan in Malaysia; and Mindanao and Palawan in the Philippines. Its land area of roughly 1.54 million square kilometers is home to about 45.6 million people. EAGA, as an economic sub-grouping, is in harmony with ASEAN’s economic policies vis-à-vis the AFTA implementation. To some extent, EAGA could serve as the testing ground for AFTA’s Common Effective Preferential Tariff (CEPT). The functionality of this growth is also consistent with the frameworks of APEC and the WTO.¹⁴

BIMP-EAGA is one of two sub-groupings in ASEAN. The other is concentrated along the Mekong River which unites the economies of Cambodia, Myanmar, Laos, and Vietnam. These two groups, although within the umbrella of ASEAN, often compete for investments and market access.

CHINA

Background

China is the fastest growing and the 6th largest economy in the world, accounting for 7% of global trade - being the 4th largest exporting nation and 3rd largest importer in the world. It has contributed one-third of world growth in 2003.¹⁵

China's leaders issued a declaration that the economy will double by 2010. Projection of China's annual real GDP growth is 8% until 2010 pushing it to become the second largest economy by that year.¹⁶

Philippine products and services represent 10% of total exports of ASEAN to China while ASEAN is 17.3% of total Asian exports to China.

For China's growing economy, the Philippine strategic imperatives shall be to:

Acquire and/or maintain strategic business partnerships (*guangxi*): capitalize on emerging buyer preferences in securing niche market segments; and, hand-hold export-oriented investments.

Guangxi is very important in doing business with China. It is the key to acquiring strategic partnerships which is important when doing business in the country. It is defined colloquially as good relationship containing 'face value'; ancestral links; mutual and patient support; dependable, reliable presence as a partner in various commercial endeavors even during the developmental stage when payback is slow; give and take, among others.

Since the current export profile to China is dominated by electronics at 70% share, the country needs to maintain the enabling environment that will protect this market share and expand penetration of other products and services.

With wide consumer diversity across 31 provinces, China's urban population of 423 million has a per capita disposable income averaging US\$1,020.¹⁷ There are roughly 260 cities with a minimum population of one million each and 40 cities with a minimum population of two million each. Based on such demographics, these comprise the Philippines' target consumer base. The Philippines needs to capitalize on emerging preferences of these target markets.

China's sub-geographic economies are comprised of a mix of maturing, developing, and emerging markets (North Eastern Region, Yangtze River Delta Region, Western Region, and Pearl River Delta Region). The eastern seaboard alone comprises seven provinces namely, Liaoning, Hebei, Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong, and contributes 70% to China's GDP. The key is to acquire strategic partnerships that are already familiar with consumer preferences and can be leveraged to provide the necessary reach to these markets. As such, these strategic partnerships are hinged on distribution channels that have the knowledge and relationships in the various market segments.

The acceleration of the Philippines' trade growth with China partly depends on the progress of the ASEAN-China FTA which will start in the middle of 2005. The agreement provides for substantial reduction or elimination of tariff as well as other barriers by 2010 with flexibility until 2012 for the original members of ASEAN which includes the Philippines. While this agreement has significant opportunities, it also presents competitiveness issues with some domestic producers. Hence, the strategic imperative is to:

Enhance the competitiveness of domestic producers while ensuring that the agreements derived in ASEAN-China FTA will minimize risks to possible affected sectors.

While the Early Harvest Program (EHP), which concludes at the end of 2005, raised issues regarding the country's competitiveness, the ASEAN-China FTA provides a window for the Philippines to join in the program albeit behind the schedule of other ASEAN-China EHPs to cut down the market access lead of other ASEAN countries.

Whether the two countries engage in an EHP or not, the Philippines should be mindful of its competitive position, to determine if it would be beneficial and feasible to accelerate liberalization versus China for selected products.

JAPAN

Background

Japan imported around US\$383 B worth of goods, making it the 6th largest importer with around 4.9% share of global imports in 2003. Its importation is growing at around 14% annually.¹⁸ In 2004, Japan became the Philippines' top export destination with 20% share, registering a 38% growth last year. This performance provided a solid foundation moving forward, as the Philippines prepares for a possible FTA with Japan.

It follows that Japanese buyers' knowledge on the Philippines' capabilities must be reinforced. It is necessary that Philippine companies be positioned as reliable partners in trade and investments through intensified trade and investment promotions.

Within this context, the strategies for Japan are the following:

Optimize benefits from production and services complementation through capability-building and intensified trade (exports) and investment promotion.

The major factor that will provide the definitive blue print of RP-Japan trade is the Japan-Philippines Economic Partnership Agreement (JPEPA). Significant ground work should be done now so that the Philippines shall be able to derive optimum benefits from the many elements of JPEPA once it comes into effect. Industries must gear up to produce quality products marketable to Japan's discriminating consumers and industries. This will be in line with import tariff reduction and elimination as embodied in the JPEPA. These improvements include production capacity build up and quality development. It is therefore imperative that the Philippines shall:

Complete work on remaining JPEPA provisions, including "legal scrubbing" prior to joint signing by Leaders.

USA

Background

According to the updated outlook of the US Congressional Budget Office (CBO), real GDP US growth is forecasted to be 3.8% in 2005 and 3.7% in 2006. These are slightly more optimistic than the 3.5-3.6% GDP growth outlook by other forecasters. The CBO also forecasts a modest 3.3% real annual average GDP growth from 2007 to 2010.¹⁹ These reinforce the forecast that there will be probable modest growth in the US for the next several years.

In the context of moderate growth, to expand exports to the US, the Philippines shall:

Intensify trade (exports) and investment promotion: consumer goods like garments and processed food, ICT services and engineered design of specialized microelectronic products (e.g., microchips).

Despite this modest growth, opportunities still abound in the US market. Services will provide a significant portion of these opportunities specifically in the areas of business process outsourcing (BPO) and other ICT-enabled services. Additionally, the US is still a viable source for investments to enable the electronics sector to move up the value chain - from testing and assembly to high value-added services such as chip design and specialized microelectronic products.

It is estimated that the number of service sector jobs that would be located outside the US, many of them tied to the information technology industry, will climb to 3.3 million in 2015 from about 400,000 in 2004.²⁰

Based on statistics, growth sectors in the US for Philippine export products are processed food and garments. In a mature consumer market such as the US, food is one of the product sectors that have strong potential. Follow-up on specific initiatives for Philippine food products to enter mainstream distribution channels such as the US Defense Commissary (DECA), Costco, and Wal-Mart shall be pursued. Asian ethnic food market, a growing sector, presents additional opportunities and efforts at trade promotion targeting this segment shall be initiated. However, stringent regulations on food imports necessitate accelerating capability-building efforts in order to maximize these opportunities.

Furthermore, the lifting of US quota presents opportunities for high-end garment lines, such as branded products to enter the major market segments.

To complement the trade promotion initiatives, the Philippines shall:

Maximize utilization of RP-US Trade and Investment Council (TIC) in the process of working towards a possible modification of the RP-US Trade and Investment Framework Agreement (TIFA).²¹

A bilateral consultative mechanism to strengthen existing RP-US trade and investment relations, the TIC provides the venue to articulate Philippine interest to work towards closer trade ties with the US.

Complete cost-benefit study of engaging in a possible bilateral FTA under the Enterprise for ASEAN Initiative (EAI). With presidential clearance, validate findings through public consultations. If warranted, pursue formal negotiations.

Closer partnership with the US is imperative to ensure that Philippine exports' market access is not entirely threatened by the other FTAs that the US is implementing such as those with Thailand and Singapore. The two fora to continue the bilateral engagement with the US are the TIC and the EAI.

EUROPEAN UNION

Background

The EU is the largest single trading bloc in the world, with a GDP valued at US\$13.3 trillion in 2004. It is the third largest consumer base in the world, with nearly half a billion consumers. The economic bloc's GDP per capita is around US\$29,000 making it a very attractive consumer market.²²

EU's economy is forecasted to grow by 2.1 and 2.3% in 2005 and 2006, respectively.²³

Five countries absorb around 88% of RP exports to the EU. These are Germany, UK, France, Italy, and the Netherlands being the major port in the continent. Trade with overseas markets, especially with Asia, is expected to fare better. The strengthening of the Euro continuously makes Asian products cheaper, resulting in possible strong export growth for Asian countries. It is necessary to focus on specific market segments and target these by clearly identifying buying preferences.

In order to maximize this opportunity, the Philippines shall:

Intensify trade (exports) and investment promotion with focus on ICT services (least language-sensitive) and design-driven consumer products like processed food and beverages, branded garments, and stylish home furnishings.

A stronger euro provides for short- to medium-term opportunity of increased consumer spending. Trade promotion shall be intensified on consumer products that are rich in design content, catering to discriminating European taste and taking advantage of the Philippines' creative capabilities. Such products include branded garments, home furnishings, and even food and beverage. However, a strong currency will render European export products uncompetitive in the long-term thereby, pushing companies to possible cost-cutting measures to maintain profitability. Cost-cutting activities naturally result in a reduction on spending. ICT services and other technology expenditures are normally among the initial items to be reduced. These now increase the possibilities for ICT services outsourcing to cheaper locations with the Philippines among these offshore destinations.

The total market for ICT services in the EU was worth an estimated US\$114.8 B in 2003, increasing slightly since 2002. This market is subdivided into implementation (US\$48 B), support services (US\$31.7 B), operations management (US\$24.2 B) and consulting (US\$10.9 B). The UK was the largest EU market for ICT services in 2003, followed by Germany, France, Italy, the Netherlands, and Sweden. The ICT services market in the eight accessing countries from Central and Eastern Europe increased by 10% valued at US\$2.9 B in 2003. The total market for ICT services will reach US\$159 B in 2005, increasing by 38%, compared with 2003 figures.²⁴

The value of European outsourcing contracts signed in 2003 reached US\$34.7 B, with the UK being the largest and most mature market, representing 35% of the total European outsourcing market in 2004. Germany, Switzerland, and Austria account for 22.8%, France represents 12.8%, Italy and the Nordic regions represent 7.7% and 7.2%, respectively, while Spain and Portugal have 4.6% of the total market.²⁵ These further indicate that off-shoring is becoming a global practice and as long as service providers such as those in developing countries maintain cost competitiveness and high ICT competency, the growth of this industry will further accelerate.

Closer EU relationship is important to ensure that Philippine exports' capability-building activities are aligned with current and future regulatory frameworks. The Philippines shall therefore:

Negotiate practical changes to make (1) Trans-Regional EU-ASEAN Trade Initiative (TREATI) more RP exporter-friendly and immediately useful and (2) Asia-Invest more inviting to long-term European investors.

Market access to the EU can be further improved through focused capability building supported by two EU-initiated vehicles: TREATI and Asia-Invest.

TREATI is a program designed to address trade facilitation, market access, and investment issues between the EU and ASEAN with the end goal of regulatory convergence and preferential regional trade agreement. It is the EU's vehicle for stimulating greater economic integration within ASEAN, and a closer approximation by the ASEAN of the EU's trade regimes, preparatory to the EU's acceptance of the ASEAN as a suitable FTA partner. However, its usability is limited by the condition that projects need the participation of at least two ASEAN economies at the onset then expanded to accommodate other countries. While TREATI forces ASEAN countries to find commonalities, the time and resources spent to realize an alignment represent opportunity costs.

The Philippines should participate in TREATI but must negotiate to have the EU evaluate Philippine trade capabilities independently of the rest of ASEAN. While TREATI works to increase intra-ASEAN integration towards the EU paradigm, the Philippines should negotiate for acceptance by the EU of its own qualifications as a trade partner, regardless of whether an FTA is being established.

Furthermore, the Philippines should negotiate for TREATI to operate in closer coordination with EU capacity-building assistance and to include greater direct benefits through actual business matching, i.e., buyer-seller; exporter-financier; investee-investor, for more immediate business impact.

Asia-Invest, on the other hand, provides opportunities for business partnerships, capacity-building, and technology transfer between EU and Asian countries. The conditions set forth require at least two EU countries to participate in the project. Recent experience shows that the preparation which includes advocacy among private sector participants took at least a year. A more practical approach would be to reduce the focus to a smaller scale, i.e., one EU country not two. Advocacy would be easier as a singular activity focus between the Philippines and the EU country could be developed, providing for a better matching among the two countries' private sector, or much more focused capability building.

2. CULTURE-BASED MARKETS

HALAL²⁶

There are around 1.5 to 1.8 B total Muslim consumers in the world and Islam is recognized to be growing at about 3% annually, faster than the total world population growth of about 2.3%. Total Halal food trade is estimated at US\$150 B per year.²⁷ The goal is to tap at least 1% of the total Halal food trade by 2010.

In order to achieve this, the Philippines shall:

Expand recognition of RP Halal Certifiers by ASEAN and Middle East national accreditation/certifying bodies.

Presently, there are four Philippine Halal Certifiers²⁸ which will need international recognition to enable them to provide certification to Philippine exporters. The strategy is to engage national accreditation and certifying bodies in key Halal markets at a bilateral level in order to officially recognize Philippine certifiers. This shall start with ASEAN countries such as Indonesia and Malaysia followed by the United Arab Emirates and Saudi Arabia. Once accreditation is achieved, Philippine exporters will have the option from among the Halal Certifiers to gain certification and access to the major Halal food markets in ASEAN and the Middle East. Parallel to this, information campaigns shall be conducted.

KOSHER²⁹

Kosher food products are classified as:

1. Dairy: Milk and milk products must come from a Kosher animal;
2. Pareve: Food products that contain neither milk nor meat, e.g., fruits, vegetables, and fish; and
3. Meat: Food products that come from meat or meat by-products.

Consumers spend approximately US\$150 B on kosher products. Over the past 25 years, the demand for Kosher-certified products in the US has increased dramatically at an annual rate of 15%. Approximately 14,000 Kosher products are found on the shelves of US supermarkets. Out of the 30,000 US supermarkets 18,000 or 60% have Kosher sections. Jewish consumers represent 45% of the Kosher food market. Muslims, Seventh Day Adventists, lactose-intolerant consumers, vegetarians, and other mainstream consumers who see "Kosher" as synonymous with quality, constitute the remaining 55%.³⁰

With the migration of Asians to the US and Europe, there is a growing awareness and preference for Asian food and cuisine among Kosher consumers. To take advantage of this opportunity, many manufacturers all over the world especially in Asia are developing Kosher products and securing Kosher certification.

Having a Kosher-certified product can be an advantage in getting prime shelf space in the supermarkets or retail outlets. Moreover, market share can increase and brand recognition may be enhanced. The Kosher symbol on a label represents more than a product that conforms to religious standards. It is viewed as a mark of quality and an added safeguard synonymous to Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Points (HACCP).

In order to address and maximize this opportunity, the Philippines shall:

Advocate to exporters to use the Kosher Philippines certification program to further expand market access as option to relying on foreign-based certification.

The Philippines established a Kosher certification program in 2004 administered by the Center for International Trade Expositions and Missions (CITEM). Certification is defined as a system wherein conformity of products, services, and practices to applicable standards is determined and confirmed. Kosher certification is given on a per product basis, not per group or company. There are two types of certification, namely:

- Specific Certification - Each production is carried out under religious monitoring, with preliminary "*kosher-isation*" of the production.
- Annual Certification - Production is carried out without religious monitoring. A number of follow-up audits are made by the Rabbinic inspector.

Information dissemination and briefing among Philippine food manufacturers and exporters on the above information shall be actively conducted. Parallel to this, niche marketing in the top Kosher markets, namely: US, Israel, EU, and Australia shall be encouraged and supported. To support an expanded marketing effort into the top markets, it is necessary to also expand the recognition of Kosher Philippines. Efforts to enable this shall concentrate on engaging the *Jewish Orthodox Union* or *OU* with the objective of obtaining a more global acceptance of the country's certification system.

OVERSEAS FILIPINOS

There are around 7.8 million Overseas Filipinos (OFs) spread around the world.³¹ Most of these Filipinos are members of at least one Filipino organization. Filipino organizations are formed along cultural lines or are united based on current domicile. Their organizational scopes are combinations of cultural, social, economic, financial, and political activities. This 7.8 million-strong community represents a potent market segment that can be tapped both as consumers and marketing channels for Filipino products and services.

Cognizant of the possible strength of these organizations, the Philippines shall:

Gear up established Filipino associations to serve as distribution and marketing networks to expand market reach of Philippine exporters.

The strategic imperative is to identify these established associations that can provide this service to Philippine exports. The strategy involves designing a system that will motivate and reward these associations that contribute to the expansion and enrichment of Philippine exports.

B. PRODUCT STRATEGIES

The key concern from a supply side is the country's capability to meet the demands of the markets. Specific interventions are necessary along the supply chain of each Revenue Stream to ensure one or combinations of the following:

- Compliance with markets' regulations;
- Achievement of critical supply levels;
- Integration of widely-accepted technological innovations;
- Improvement of competitiveness; and
- Creation of high-impact strategic partnerships.

These interventions will be executed using the industry clustering platform that has been initiated as a strategic tool in PEDP 2002-2004. Furthermore, the industry clustering program will have special emphasis on export-ready cities and municipalities under the OTOP-Philippines program.

Detailed roadmaps and action plans of the Revenue Streams are contained in Annex B.

Information and Communications Technology (ICT) Services

Background

In 2005, the market for offshore ICT services will more than double from about 3% of overall ICT services spending to between 6% and 7% in the next three years. Offshore ICT services spending will reach US\$50 B by 2007.³²

The types of services that offshore providers offer will expand as the market matures. From customer-servicing functions, the market may progress towards more application-related services. While companies typically send low-end application-related services such as maintenance and coding offshore today, the complexity of services that offshore providers deliver will deepen.

Offshore IT service providers attracted about 11% of US spending on custom application development, systems integration, and application management services in 2003. The 2004 percentage is expected to reach 17%, and by 2008 nearly a quarter of US spending on application development, systems integration, and application management services will go to offshore providers.³³

It then follows that offshore competencies will continue to move upstream into BPO and that Customer Relationship Management (CRM) call centers, finance and accounting, in addition to remote infrastructure and application management, will be the focus. ICT services in these areas will accelerate further.

In order to maximize this opportunity, the Philippines shall:

Advocate increased training programs to broaden the base of qualified contact center agents and certified high-value ICT professionals.

Government's strategy to advocate increased training programs to broaden the base of qualified and certified high-value ICT professionals was validated through various industry dialogues and consultations. Upgrading of standards for ICT training/education and certification benchmarking was among the most common concerns raised by the industry players. The inadequacy of the educational system to meet the technical skill requirements of the ICT industry was further noted. The existing gap between the skills of graduates and the expertise demanded by non-language dependent ICT industries has caused the low intake rate into the ICT workforce. Furthermore, only few accredited start-up schools and institutions have been established to enhance the skills of applicants for language-dependent sectors specifically contact centers.

The Philippines has to continuously develop its pool of highly-skilled ICT workforce to be able to compete in the global knowledge-based economy. The Philippine program for ICT training will upgrade the skills needed by low-end to high-end ICT services sector. The Philippines can maximize opportunities in the global e-services market if it can offer deeper ICT competencies considering that the requirements for outsourcing will become more complex.

ELECTRONICS

Background

The electronics industry has been the biggest contributor in the country's export receipts for many years. Exports of electronics in 2004 reached US\$26.6 B accounting for more than 67% of total Philippine exports. Electronics export is dominated by semiconductor devices which, on the average, comprise 70% of total electronics export. The growth of the industry is driven primarily by foreign investments in assembly operations and low-end manufacturing activities. The industry has been an important source of jobs, employing about 376,000 in 2004.

There are two major segments in the industry based on ownership structure. Of the 328 PEZA-registered companies, multinationals or those wholly- or majority-owned by foreign companies comprise about 81% or 266. Companies that are wholly- or majority-owned by Filipinos are 18% of total or 59. Out of the 59, three companies are considered large, i.e., their total assets exceed PhP100 million. Three remaining companies are 50-50 joint ventures between foreign and Filipino owners.³⁴

Most of the leading multinational and large local electronics firms are engaged in semiconductors testing and assembly. These companies use state-of-the-art processing technologies, latest organizational techniques such as just-in-time inventory and total quality management, and have been certified for ISO 9000 manufacturing. This segment is building its capabilities to eventually move up the value chain into Electronics Manufacturing Services (EMS) and design services. Local SMEs, on the other hand, account for US\$9 M or 0.1% of total IT manufactures (excluding semiconductors) exports and are mostly in Original Design Manufacturing (ODM).

It is projected that the estimated total electronics assembly value of US\$648 B in 2003 will grow to US\$875 B in 2008. The EMS industry will grow from US\$140 B in 2003 to US\$244 B in 2008³⁵. The ODM sector, on the other hand, will grow from US\$24.5 B in 2001 to US\$77 B in 2005.³⁶

For the multinational segment, the immediate strategic imperatives are to retain their presence in the country and attract new investments. In order to do these, the Philippines shall:

Improve business environment by addressing the following concerns:

1. High cost of power through special arrangement with DOE for special power rates for big users;
2. Industry-specific guidelines on fixed-term employment contracts through DOLE and implementation of the compressed work-week;
3. Definition of qualified theft as an offense that is not subject to bail through the issuance of a DOJ department order; and
4. Upgrading of technical competencies and skills aligned with the needs of the industry.

For the Filipino-owned segment of the industry, majority of which are SMEs, the strategic imperative is the provision of an infrastructure to enable their development into viable enterprises. In this context, the Philippines shall:

Commercialize original design technologies by providing linkages to financing, markets and standards; and establish a "technopreneurship" program to properly incubate technology-oriented SMEs.

In order for this segment to turn out successful ventures, it is necessary to develop an environment where innovative ideas have direct link to factors such as capital and marketing capabilities. A “*technopreneurship*” program can formalize these linkages or cluster these support activities properly to be easily accessible to local electronics companies.

AUTOMOTIVE

Background

The Philippine automotive industry is comprised of two sectors: the motor vehicle assembly and the automotive parts and components manufacturing.

The motor vehicle assembly sub-sector is grouped based on the type of motor vehicles such as passenger cars, commercial vehicles (utility vehicles, pick-ups, vans, trucks, buses, special purpose vehicles), and motor cycles. The auto parts and components sector, on the other hand, is divided into metal, rubber, plastic, glass, seats and trimmings, and the chemical-based and other allied parts sub-sectors.

Over the past decade, the motor vehicle industry has been part of the government’s liberalization programs - freeing up of tariff barriers by allowing importation of brand new CBUs, parts and components, as well as opening up of the Motor Vehicle Development Program to new players and removing restrictions on models and variants.

The export revenues of the industry have constantly been increasing. It has become very competitive and has maintained its position in Asia.

Total Philippine exports of motor vehicles, automotive parts, and motorcycles and parts amounted to US\$1.6 B in 2003, enabling it to grow at 13% from 1999-2003. Auto parts accounted for 85% share to total performance of the sector. During the same period, Japan and the US emerged as the top market destinations recording 34% and 25% market shares, respectively. Thailand, Australia, and Indonesia also posted high growths.

To date, there are about 256 automotive parts manufacturers employing an estimated 40,000 workers. Of the 256 auto parts makers, 70% are SMEs.

The Philippine motor vehicle industry is envisioned to be a competitive producer of strategic automotive parts and components, serving the domestic and export markets for OEM and the aftermarket. Likewise, the industry is seen as a forerunner in the ASEAN export market for specific CBU models. Industry export target is set at US\$2.8 B by 2007.

The strategies for this sector, therefore, are the following:

Enable assemblers to invest in productivity enhancing technologies (multi-model assembly), establish standards and upgrade skills. Enhance the Automotive Export Incentive Program.

In order to sustain the acceleration of the industry’s exporting capabilities, improvements in the business environment is necessary. These will enable the industry to improve productivity through the infusion of new investments in new technologies which is a natural progression for an industry that must expand its capabilities and is definitely moving up the value chain.

MINERALS

Background

The Philippines is the 5th most mineralized country in the world. Its proven reserves are valued at US\$965 B. Metallic reserves are valued at US\$166 B or 17% and non-metallic US\$799 B or 83%.³⁷ The objective of the industry plan is to contribute at least US\$2 B worth of exports by 2009. Currently, the country exports around US\$359.6 M worth of mineral products which grew by 14.6% over 2003.

With the Supreme Court decision on the constitutionality of the Mining Act, the industry has seen revived activities. Countries such as China and Australia have expressed interest on providing necessary investments to develop the industry. While other pertinent issues on the sustainability, public information, and necessary legal documentation are being addressed by other agencies of government, the strategic imperative for the export sector is to:

Secure necessary investments to jumpstart the industry soonest.

The objective is to enable the entry of these investments in order to bring on stream the most immediate projects, as early as possible. Currently, there are 23 large- and medium-scale mining projects that are in various stages of development. Total estimated investments for these projects amount to US\$6.5 B up to year 2009. Potential annual export revenues upon commercial operation of these projects are estimated at US\$3 B.

FOOD AND MARINE

Background

Food and marine products comprise about 4% of Philippine exports, with exports of priority food products (fresh fruits and processed food) growing by 9.1% between 2002 and 2004, while marine products, by 1.3% during the same period. World imports of fresh fruits are valued at US\$7.5 B with an annual growth of 5%. The market for processed food is valued at US\$73.8 B and growing annually by 2%.

Major markets such as the US, EU, and Japan are characterized by strict import regimes especially on food and food preparations. Compliance with these regulations is important to ensure continued access to these major markets. The strategic imperative for this sector is to:

Upgrade capability to comply with market standards and implement country branding of key products.

This shall be done through the following tactical implementation:

1. Enhance Accreditation Program on GMP/HACCP for the food industry;
2. Push for the upgrading/Installation of laboratory facilities in major producing areas by DOST and other concerned agencies;
3. Active participation in Codex Alimentarius Commission (Codex), ACCO, and other international fora on food products;
4. Strong collaboration with the academe, nongovernment organizations (NGOs), and other private institutions;
5. Establishment of MRAs and bilateral arrangement with key markets on processed foods; and
6. Formulation of the Comprehensive National Fisheries Industry Development Plan (CNFIDP).

ORGANICS

Background

Organic products are segmented into two: personal products and health supplements. This is a growing sector which covers 0.17% of Philippine exports valued at US\$66 M. It grew by 13.7% in 2004.

Trends indicate a growing demand for organic products now that consumer preferences are shifting towards healthier lifestyles. However, the challenge for the sector is to ensure compliance with international standards. The strategic imperative for this sector, therefore, is to:

Conform to standards for eventual organic certification; enhance management skills for improved competitiveness.

This entails strategic partnerships with international certifying bodies to enable relevant government agencies to build its capability in providing certification services to Philippine exporters. Furthermore, competitiveness will have to be improved at the firm level through the advocacy of advanced management skills. This is to ensure that Philippine exporters' competitiveness go beyond certification and into manufacturing processes and marketing skills.

DESIGN DRIVEN PRODUCTS AND SERVICES (*Home Furnishings, Giftware, Holiday Décor, and Wearables*)

Background

To provide better competitiveness, it is essential that a merchandizing and branding mindset be introduced into Philippine export products that are design-driven. As such, the Plan groups these sectors into one so that strategic action plans be also consolidated to build competitiveness of these products as they enter the global market.

World market for home furnishings is estimated at US\$58 B in 2003, growing annually at 5%. Giftware and holiday decor's market in 2004 was estimated at US\$12 B, growing annually at 3%. The wearables market was estimated to be worth US\$470 B in 2004 with an average growth rate of 9%.³⁸

The strategic interventions necessary for these products and services are the following:

Invest in product design and development, establish regional design centers, and globalize Philippine brands focusing on mid- to high-end market segments.

Intense competition at the low-end market segments will be driven by price of products coming from China and Vietnam. For Philippine exports, the direction is to move up to mid- to high-end segments that will put a premium on the design components of the products. As such, the strategic focus is to build the country's capabilities in product design and development. This approach shall be holistic so that improvements in design capabilities are also translated into production efficiency. A holistic perspective ensures that designs are in line with manufacturability and entails both design and production complementation within clusters or groups of manufacturers. The guiding principle of this approach is the vertical integration guided by holistic design concepts or "brands".

Philippine brands that already have strong domestic and even regional consumer following are poised to further expand their reach. These brands will be supported by efforts to globalize, focusing again on mid- to high-end segments.

CONSTRUCTION SERVICES AND MATERIALS

Background

Construction materials grew 23% in 2004, contributing US\$215 M or 0.5% of total Philippine exports. World demand for construction materials is estimated to increase by 3% yearly. In 2005, this sector's projected value is US\$268 B.

The target annual growth of Philippine exports of construction materials is 5%. In order to achieve this, construction services will be used as the tool to penetrate the overseas market for construction projects. The strategy for this industry is to:

Partner with international construction consultants to promote Philippine construction services and materials; lower production cost; and develop or adopt international standards for construction materials.

Since overseas construction projects need large investments and marketing network, Philippine construction companies shall be encouraged to enter into joint-ventures with international construction consultants highlighting domestic companies' strengths in architecture, engineering, and project management. Such partnerships shall be the conduits through which local construction materials can be promoted.

Parallel to this marketing effort, advocacy to conform to and adopt international standards shall be conducted. This shall be supported with the enhancement of government and private testing facilities.

LOGISTICS SERVICES

Background

The Logistics Services industry is a vital enabler for trade and investments. By developing the Subic-Clark corridor into the most competitive international service and logistics center in the Southeast Asian region, the country provides another value proposition for investments in export-related products and services. Furthermore, it enhances the competitiveness of export industries by providing more efficient and cost-effective logistics support.

The geographic location of Subic and Clark in Central Luzon and the Asia-Pacific is a logistical advantage - their manpower and natural resources are competitive and their accumulated developed facilities are duly empowered Special Economic Zones. These factors will lead to the development of the area as the country's multimodal distribution and regional logistics center and major transshipment of goods and services in the Asia-Pacific region.

To realize the full potential of the Subic-Clark corridor as the premier logistics hub of the region, the Philippines shall:

Develop and enhance strategic partnerships with existing and possible major stakeholders in a complete end-to-end logistics management system by providing the necessary incentives and support infrastructure.

Logistics management services include inbound and outbound transportation management, fleet management, materials handling, order fulfillment, logistics network design, and inventory management of third party logistics service providers. To varying degrees, the logistics function also includes sourcing and procurement, production planning and scheduling, packaging and assembly, and customer service. It is involved in all levels of planning and execution - strategic, operational, and tactical. Logistics management is an integrating function which coordinates and optimizes all logistics activities, as well as manufacturing, marketing, sales, finance and information technology.

To bring all these functions into a seamless system, the Philippines shall provide for an attractive business environment composed of physical and technical infrastructure coupled with strong human resources complement adept at logistics and supply chain management. This environment will be further enhanced by rationalized policies on investments.

HEALTH AND WELLNESS

Background

Consumer expenditure on healthcare services and goods in Asia reached US\$301B in 1999 with Japan contributing 77%. This is projected to increase to US\$610 B in 2013 or an annual growth rate of 4%. Japan will have a 69% share by that year.³⁹ This shows the size of the market that medical tourism can tap in the region with Japan as a primary target considering their rapidly aging population and rising healthcare costs. The same trend can be observed in western countries where the baby-boomers are now entering retirement age.

The industry targets the opportunities presented by costly medical and health services provided in developed countries by offering the same and even enhanced services in the Philippines for a fraction of its cost if incurred outside the country.

Countries such as Thailand, Singapore, India, and Malaysia have developed their respective medical tourism industries ahead of the Philippines. Although these countries are competitors, their experience can also provide valuable lessons in developing this industry. Additionally, in an environment of complementation, strategic partnerships can be evolved resulting in possible investment opportunities.

In the Philippines, the industry is characterized by individual establishments already offering services to foreign clients. The situation warrants a more coordinated approach to develop a corresponding brand for the industry. To facilitate this, the Philippines shall:

Encourage foreign investments for the establishment of medical tourism zones; and

Integrate the services of local medical establishments, health and wellness practitioners as well as support services such as hotels and tourism-related organizations under a holistic country branding.

A country branding is necessary to provide the differentiation among health and wellness destinations around the world. India, for example builds its industry around the *Ayurveda* philosophy of healing, while Singapore's value proposition is built on advanced medical and diagnostics technologies. The Philippines has a rich tradition of healing and a culture of warmth and caring which has been introduced globally through the nurses, doctors, and care givers deployed around the world. These natural attributes provide for a rich source of holistic country branding.

TOURISM

Background

The MTPDP 2004 - 2010 identifies the tourism industry as a "powerful economic growth engine for the country". Furthermore, it is considered as a powerful and efficient industry with broad and deep impact on social development. More importantly, the industry promotes and creates strong peripheral benefits to other economic sectors through:

- Tourism infrastructure spending;
- Catalyzing entrepreneurship; and
- Improving the image of the country in international trade and investment.

The objectives of the sector for 2010 are the following:

- International arrivals to grow to 5M;
- Employment generated to increase from 3M to 6M;
- GDP contribution to increase to US\$17 B; and
- Domestic tourism expenditure to increase from US\$0.8 B to US\$ 2.5 B.⁴⁰

The industry has the potential to become a more sustainable source of services exports as its broad scope can incubate specialized services niches that capitalize on the country's culture, knowledge, and traditions. Additionally, it is an effective conduit for expanding awareness on the country's other export potentials.

The national strategy for tourism focuses on two broad areas:

1. Market-Product focus

This concentrates on developing the 10 most attractive tourist segments: short-haul sightseeing and shopping; long-haul mass comfort; long-haul backpacker; long-haul niche beach; domestic, short-haul ecotourism; short-haul recreation; meetings, incentives, conventions, and exhibitions (MICE); and *balikbayan* segments.⁴¹

Marketing and product development shall concentrate on these segments all of which except the domestic, short-haul ecotourism segment shall mostly cater to foreign customers.

The key tourism markets that will be tapped are the following:

- Priority 1: China, Japan, Korea
- Priority 2: Taiwan, Hongkong, ASEAN
- Priority 3: Australia, Europe, North America

2. Destination focus

The eight priority destinations are as follows:

- Major destinations: Cebu/Bohol/Camiguin, Palawan, Manila, Tagaytay, Davao;
- Minor destinations: Vigan/Laoag, Clark/Subic; and
- Special interest destinations: Baguio/Banaue, Boracay⁴²

Infrastructure, security and accessibility improvements shall be prioritized for these three major groupings of destinations. As such, these destinations become the centers or venues where products and markets will effectively mix.

Further development of the industry shall be done through the establishment of Tourism Economic Zones or TEZs and the creation of a Tourism Economic Zone Authority or TEZA to manage the development of these areas and remove the barriers to investments and tourism.⁴³

SUPPORTING ACTIVITIES TO THE REVENUE STREAMS

An enabling and support structure for the Revenue Streams will be necessary to ensure that the strategies and action plans will be implemented. This environment consists of integrating the components of the Revenue Streams' supply chains through two major activities:

1. **Sustain the clustering approach to industry development with special emphasis on regions and provinces with export-ready OTOP cities/municipalities.**

The EDC National Cluster Management Team (NCMT) shall continue to review and validate the value chains of the existing Revenue Streams as they represent the national clusters. The identified cluster programs shall be accelerated to improve domestic trade linkages to facilitate the flow of goods and services.

Coordination among relevant agencies such as the DTI, DA, DOST, NEDA, DILG, TESDA, CHED, among others, shall be spelled out in a definitive structure. Plans and programs shall be developed and implemented with the private sector through industry associations at the regional and provincial levels. Regional Development Councils and the DTI Regional Operations Group shall be tapped to facilitate these plans and programs. Each national cluster shall have a private sector Champion(s) who will advocate for support from both government and industry players. Regional and provincial clusters shall be mutually reinforced by export-ready OTOP cities and municipalities.

OTOP-Philippines supports micro, small and medium enterprises (MSMEs) to manufacture, offer, and market distinctive products or services through the use of indigenous raw materials and local skills and talents. Through OTOP, local chief executives of every city and municipality take the lead in identifying, developing, and promoting a specific product or service which has a competitive advantage. Such product or service shall be part of the value chain of the provincial or regional cluster.

OTOP-Philippines offers a comprehensive assistance package through the convergence of services from local government units (LGUs), national government agencies (NGAs), and the private sector. The package of assistance includes:

- Business counseling;
- Skills and entrepreneurial training;
- Product design and development;
- Appropriate technologies; and
- Marketing

OTOP's key success factors are:

- Dedicated LGUs;
- Reliable raw material supply;
- Rich local culture and tradition;
- Local talents and skills;
- Ready market for products or services;
- Aggressive core of producers; and
- Convergence of government services.

The model OTOPs are listed in Annex C.

DTI shall advocate the program's ideals and provide the necessary support for the LGUs in the implementation together with the following key agencies:

- Department of Agriculture (DA);
- Department of Science and Technology (DOST);
- Department of Tourism (DOT);
- Department of Interior and Local Government (DILG);
- Department of Environment and Natural Resources (DENR);
- Department of Land Reform (DLR); and
- Technical Education Skills Development Authority (TESDA).

The DOST, CHED, and TESDA shall strengthen the knowledge base and pave the way for the academe and industry to work more closely together. Some of these measures are: improving the

quality of technical vocational education and training (TVET) and higher education; sustaining the Centers of Excellence and Centers of Development; and the updating or upgrading of curriculum to address the needs of the electronics, ICT services, and design-driven sectors.

Successful clusters shall be documented and information on their key success factors shall be disseminated to facilitate infusion of additional interventions and to serve as models for other towns, provinces and regions.

For purposes of strategic direction, the existing National Clusters identified and supported by the NCMT are:

1. Microelectronics;
2. Motor Vehicle Parts and Components;
3. Wearables;
4. Coconut Products;
5. Marine and Aquatic Products (Tuna, Bangus, Tilapia, Seaweeds);
6. Food Products (Fresh and processed fruits);
7. Home Furnishings;
8. Holiday Decor and Giftwares;
9. Construction Materials and Services;
10. Organic and Natural Products; and
11. ICT Services.

2. Advance the Creative Economy initiative to provide the creative edge to Philippine export products and services.

The concept of Creative Industries and the Creative Economy is still in its infancy stage in the country. Knowledge Economy, which is hinged on a country's knowledge base or its economic asset in the form of intellectual property, is now an accepted concept wherein the contributions of these assets are widely acknowledged and measured. Creative Economy is the next step wherein these collective knowledge are applied to all aspects of the economy. As such, it becomes part and parcel of export products and services' value chain in several ways: product development, packaging and promotions, to name a few.

The Creative Economy initiative of DTI is an activity that aims to harness the country's creative talent and knowledge to fuel activity in the whole spectrum of the economy - from manufacturing to services. In doing so, the initiative elevates the innate creativity of the Filipino to a higher level, recognizing its value as an economic asset that enables differentiation of Philippine products and services in the global market.

As defined by the working group the Creative Economy includes: "Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through generation and exploitation of intellectual property." In other words, Creative Economy purposefully manages and exploits the knowledge and passion of individuals to create extraordinary value and wealth. Thus, a valuable resource of a nation is now the creative capacity of its people. It has been often verbalized that the Filipino is known for his creativity. It is time that this creativity be harnessed collectively to benefit the entire nation.

Once effectively organized, this economic asset shall be applied through a systematized infrastructure, to the different sections of Philippine export sector. For example, creative services enrich other industries such as tourism and food packaging and can serve as inputs to the Revenue Streams as part of the value chain. These shall provide the edge to the Plan's priority sectors to enhance their differentiation, to create premium in the world market, and to build the image of the country as a source for products and services with high creative content. Once they reach a broader scale, creative services also have the potential to collectively become a viable services export industry.

CHAPTER V: POLICY AND FINANCIAL REQUIREMENTS

An environment conducive for export growth is necessary to ensure that the strategies embodied in the PEDP are properly executed. It is now imperative for government to ensure that the following policy concerns are addressed:

A. POLICY REQUIREMENTS

Streamlining and Simplification of Procedures

The import and export documentation and clearance procedures shall be streamlined, decentralized, and automated to improve efficiency, transparency, and accountability. Efforts will concentrate on reducing the number of signatures, documentary requirements, processing time and cost. The Bureau of Customs (BOC), PEZA and export clearance agencies shall implement the following computerized systems:

1. Automated Export Documentation System (AEDS) - Automating the lodging, approval, and printing of Export Declarations in less than one (1) minute; eliminating the need to go to PEZA and Customs for signatures, two (2) documents, processing fees at NAIA, PEZA under-guarding fees, and ensuring more accurate data on exports
2. Manufacturing Warehouse Liquidation System (MWLS) - Automating the bonded warehousing system for exporters. This system will automatically liquidate raw materials that were imported duty- and tax-free, as the export products are shipped out. Signatures and documents will be cut dramatically when this system is fully implemented.
3. Automated Clearance System - Automating the application and approval of export commodity clearances allowing web access and interfaces with the BOC system.

These automation initiatives shall require concerned agencies to undergo change management to address not only procedural and systems issues but also behavioral and “cultural” adjustments needed by the implementing organizations. In so doing, the Department of Budget and Management (DBM) shall support the reengineering and streamlining efforts by concerned departments.

Unnecessary administrative and legal barriers that hamper the efficient process flow of export documentation and procedures shall be eliminated.

The One-Stop Export Documentation Centers all over the country shall be expanded and strengthened to ensure compatibility with these automation initiatives.

Accelerated implementation of digital trading systems

As global transactions have shifted from the snail-paced communication process to e-commerce, a digital trading system comprised of business matching and account management modules shall be developed within one year to facilitate matching of foreign buyers with Philippine exporters. Business-to-business transactions will therefore be efficiently facilitated with an additional channel, complementing the traditional “paper-based” means.

Business enterprises databases shall be enhanced and harmonized through effective inter-agency linkages that provide effective validation procedures. These shall be developed to improve the turn-around time for trade opportunity requests from the country’s foreign commercial posts as well as direct inquiries from buyers. The resulting harmonized business enterprise database shall also enhance knowledge on Philippines’ exporting capabilities all the way down to firm-level supply capacity.

Moreover, the use of ICT shall be intensified to provide timely and accurate market intelligence. The capability of exporters to use the internet in sourcing market intelligence shall be encouraged and enhanced through the provision of technology tools.

Hastened completion of infrastructure improvements

The transport infrastructure projects identified in the MTPDP 2004-2010, specifically those linking export-oriented towns and provinces to international ports, shall be completed without delay for efficient transport of raw materials and goods. Roads, railways, and Nautical Highways leading to areas of concentration of exporters and international ports shall also be accelerated.

Appropriate common service facilities identified by each export sector and high-capacity digital network for the ICT-enabled services exports shall be installed in partnership with the private sector.

Integration of export trainings and skills enhancement in the educational system

To improve the manpower needed by the ICT-enabled services exports, training courses in English proficiency, Math, and Science shall be integrated in the elementary, secondary, and tertiary levels of the country's educational system.

Industry and the academe shall be encouraged to partner to increase the number of MS and Ph.D. graduates in mathematics, engineering, and computer science courses.

Schools and universities shall enhance their curricula to include courses that are export- or international trade-related to inculcate the exporting and entrepreneurial cultures that will form the foundation for a sustainable exporting sector.

Legislative agenda

To simplify and streamline export and import procedures, necessary legislations, such as the following, should be in place:

1. Amendments to PD 930 (Simplifying Export Procedures by Realigning Functions of Certain Government Agencies Involved in Processing Export Documents) to authorize DTI to simplify and streamline import and export procedures. This amendment shall practically repeal Executive Order 1016 (Withdrawing the Inspectors Commodity & Export Clearance Requirements on Philippine Exports) to simplify the procedures of identifying the prohibited and regulated export products. In the meantime, the NEDA Board shall delegate to DTI the approval of changes in export procedures.
2. Amendments to RA 7844 (Export Development Act). A study shall be made on the possible amendments to the EDA, specifically on:
 - Sec. 14. Export Promotion and Information - This provides the export promotion privatization program with identified appropriate funding mechanism.
 - Sec. 21. Non-compliance with Mandatory Provisions in this Act - This provides sanctions to any person, entity, government instrumentality, or institution found to be willfully violating or grossly negligent in executing the mandates of this Act.
3. Amendments to RA 9280 (The Customs Brokers Act of 2004) to allow exporters to sign the export declaration and import entry and to allow brokerage companies to transact with the BOC on behalf of the exporters.

Use of ecologically-friendly production processes

Export producers shall be encouraged to use environment-friendly processes, including waste management systems and include such information in their marketing documentation. This will ensure acceptability of manufacturing processes and increased marketability of Philippine export products.

Funding sources for export development and promotion shall be explored

Government budget for export development and promotion shall be augmented by other sources of funds such as grants from BSP, ODA, and other international funding agencies. For example, the initial BSP financial assistance of PhP10.5 M to EDC for export development and promotion shall be used to the maximum benefit of exporters, ensuring the sustenance of the projects listed under it. EDC, DTI, and PHILEXPORT shall explore other sources of funds for projects on capacity building, information collection and dissemination, and export promotion.

All Philippine embassies shall be geared up to embark on exports and investment promotion activities

All Philippine Embassies and Consulates General, especially in countries where there are no trade posts, shall be supported to embark in activities on export and investment promotion. They shall be guided by the strategies in this Plan and supported by the DTI in terms of training, information on supply capacity, and provision of promotional materials.

“Work-out” financing

As a result of 1997 financial crisis, approximately 40% of SMEs found themselves unable to repay loans. To date, they continue to be going concerns living on purchase orders (POs) and maintaining a workforce. Machinery and equipment remain underutilized. To service more POs, working capital infusion is necessary. However, being locked out of the loan market, these SMEs cannot access working capital from bank loans and hence unable to grow. Therefore, a study shall be conducted to develop a “work-out” program that will provide financing assistance to troubled but still potentially viable loan accounts.

B. FINANCING REQUIREMENTS

Incremental financing

The estimated financing required by Philippine exporters to support the *incremental exports* is from PhP17 B to PhP22.3 B in the next three years. This shall be made available by GFIs and commercial banks to finance the working capital requirements of the export sector to reach the export target of \$50 B in 2006.

Table 6 presents an indicative calculation of this financing requirement.

The financial requirements were computed based on the projected export revenues for the three-year period, excluding exports of electronics and petroleum products. The resulting incremental exports to be financed are assumed to be entirely attributable to SME exporters.

There is a need to advocate to the banking sector the viability of the exports sector as a source of business with the objective of channeling the necessary funds to finance the export targets. Considering that a majority of exporters are SMEs, flexibility in providing access, minimizing cost, and facilitating the processing of loans will be necessary. In

Table 6
Incremental financial Requirements

| In US\$ million | 2005 | 2006 | 2007 |
|--|--------|--------|--------|
| Estimated exports (excluding electronics and petroleum products) | 14,028 | 15,431 | 17,128 |
| Incremental exports to be financed ¹ | 1,300 | 1,400 | 1,700 |
| Estimated financing requirement ² | 930 | 1,000 | 1,214 |
| Financing requirement per cycle ³ | 310 | 333 | 405 |
| or in PhP billion ⁴ | 17.1 | 18.3 | 22.3 |

Note:

¹Represents about 32% of total merchandise exports

²Based on bank financing to exports ratio: US\$1:US\$1.4

³Assumed financial turnover: 3 times per year

⁴Exchange rate US\$ = PhP 55 Funding for ICT-based businesses not included in computation

line with this, loan application requirements and processing procedures shall be reviewed to improve access to financing assistance and align them to time-critical export transactions.

Access to the SME Unified Lending Opportunities for National Growth (SULONG) Program shall be improved and rolled out to the regions. A formula for the acceptance of agricultural land as collateral for bank loans shall be developed.

SMEs, on the other hand, shall be educated on the value of tapping the banking system as a better alternative to the informal credit schemes. This shall be done by integrating financing education and information in training courses such as the Basics of Exporting, in business clinics, during SME caravans, and even during client interface at the frontline services for exporters and SMEs.

CHAPTER VI: IMPLEMENTATION

A. COMMUNICATION PLAN

To successfully implement the PEDP, all the stakeholders including government agencies, LGUs, private sector, and NGOs involved in exports should clearly identify their roles to be able to contribute to the achievement of the export targets. Hence, the PEDP 2005-2007 has prescribed a communication plan to empower the stakeholders with the necessary information and knowledge to enable its success. The PEDP Communication Plan will have three components: the Export Summit, sustained information campaign, and recognition of exporters' achievements.

The official announcement of the Plan will be conducted through an Export Summit which will concentrate on solidifying the commitments of responsible agencies and the business sector. This is to secure the active support of Philippine government agencies to export development and for better interaction among exporters, allied industries, and government.

During this event, the following, among others, shall be carried out:

- a. Wide distribution of the PEDP;
- b. Signing and promulgation of exports-relevant issuances;
- c. Presentation of pro-export draft bills for approval and endorsement to the legislature;
- d. Enactment of government-private sector covenant to achieve export targets through the formalization of task forces that will forge action plans; and
- e. Launch of the Export Manual.

The Export Summit will be carried out in the second quarter of 2005.

Sustained information campaign will be brought about by multimedia distribution of the Plan, business clinics, and workshops. The elements of the Plan will be widely disseminated through caravans, continuous information sessions, and publications. In addition, regions, provinces, and LGUs will be visited by the EDC to ensure that business clinics, workshops, and other programs are in line with the Plan. This information campaign will be held throughout 2005-2007.

Awards will be conferred to motivate exporters to perform better. These awards shall be designed to highlight breakthrough achievements and shall focus more on the qualitative and enduring effects of these achievements. Examples of these recognitions are: Young Exporters Award, OFW-Turned-Exporter Award, Big Exporter - Small Exporter Partnership, and Top Exporting Town or City. These awards will be granted to exporters which have shown resilience in their export business, amidst favorable economic standing or otherwise. The target dates of conferring these awards will be in December of each year to coincide with the annual National Exporters Week.

B. EXECUTION GUIDELINES

The Plan shall be executed through the partnership of government and private business:

DTI shall be the lead implementing agency in the public sector while PHILEXPORT, being the accredited umbrella organization, shall be the lead in the private sector. Funding shall be provided by the GAA or the relevant government agencies with counterpart funding from the private sector.

The public-private partnership vehicles for the implementation of the Plan shall be the following:

The EDC shall be the venue for ensuring that the policy imperatives of the Plan are executed.

The Revenue Streams and Business Development Teams shall be reinforced to include private sector participation. These teams shall be the driving leadership through which the product strategies shall be implemented.

Consultation processes shall be in place through formal and ad-hoc infrastructures to provide for the venue where trade promotion and negotiations tactics shall be discussed to ensure that a one-country policy will be followed.

The Export Development Act provides for the semestral review, updating, and validation of the Plan. The EDC shall prepare a semestral export performance report vis-à-vis targets, status of programs under the Plan, and accomplishments made. The EDC shall recommend and justify adjustments in the export targets, as necessary.

C. MEASUREMENT OF SUCCESS

The measurement of success of this Plan lies in the attainment of the targets which include the export performance of goods and services (Chapter III), job generation, and increase in share of priority sectors.

Table 7 below specifies the number of jobs to be generated by Revenue Streams, ensuring that the Plan is aligned and will contribute to the President's 10-point legacy agenda.

In addition to Table 7, market and product scorecards are provided in Annex D. These scorecards serve as monitoring tools on the progress of each market and priority sector and are part of the semestral export performance report. Additionally, these metrics also serve as guides for performance analysis and resulting adjustments in the action plans for markets and priority sectors.

| | Annual increment in thousand | | |
|------------------------------|------------------------------|------------|------------|
| | 2005 | 2006 | 2007 |
| Revenue Streams: | | | |
| Food | 28 | 33 | 52 |
| Marine | 86 | 128 | 133 |
| Organics | 5 | 5 | 5 |
| Mining | 4 | 23 | 14 |
| Electronics | 20 | 21 | 23 |
| Motor Vehicle | 27 | 28 | 31 |
| Home Furnishings | 11 | 11 | 11 |
| GHD | 6 | 6 | 6 |
| Fashion Garments | 0 | 8 | 8 |
| Jewelry | 9 | 9 | 20 |
| Construction | 10 | 10 | 11 |
| ICT Services | 52 | 64 | 111 |
| Total from Revenue Streams | 258 | 346 | 425 |
| Other MTPDP priority sectors | 12 | 17 | 22 |
| Other exports | 112 | 83 | 110 |
| TOTAL | 382 | 446 | 557 |

Note: figures pertain to direct and indirect jobs related to exports
Source: Industry commitment in response to job call from the President; Inter-agency data

ANNEX A: TARGETS

This annex shows the targets of the PEDP 2005-2007 in terms of priority products and key markets.

The first table is a summary of targets according to priority products. These were derived from the Revenue Streams targets for each specific sector. The targets are based on current supply capabilities of the exporting sector.

The second table is a summary of targets according to key markets, including secondary markets. These key and secondary markets represent approximately 92% of the total Philippine exports for 2004-2007. The targets represent the growth possibilities of each market based on their capacity to import from the Philippines.

Combining the two tables, the numbers show that the opportunities for Philippine exports outweigh supply capabilities. As such, the metrics highlight the necessity and magnitude of interventions at increasing supply capacities to meet market demands.

The remaining tables show a matrix of targets for RP exports of priority products to key markets per year. These are based on the natural growth of the priority products in the key markets.

| Revenue Streams | 2004 (actual) | 2005 | 2006 | 2007 | Ave. Growth(% (04 -07) |
|--|------------------|--------|--------|--------|---------------------------|
| Electronics | 26,646 | 27,978 | 30,972 | 34,379 | 8.9 |
| Automotive | 1,757 | 2,040 | 2,368 | 2,750 | 16.1 |
| Minerals | 396 | 454 | 626 | 889 | 31.5 |
| Food | 117 | 1,287 | 1,416 | 1,557 | 10.0 |
| Marine | 501 | 518 | 544 | 598 | 6.1 |
| Organics | 66 | 69 | 73 | 76 | 5.0 |
| Home Furnishings | 464 | 488 | 513 | 539 | 5.1 |
| Giftware and Holiday Décor | 140 | 147 | 155 | 163 | 5.2 |
| Wearables | 2,298 | 2,321 | 2,460 | 2,608 | 4.3 |
| Construction | 216 | 227 | 238 | 250 | 5.0 |
| Total Priority Products* | 33,654 | 35,529 | 39,365 | 43,809 | 9.2 |
| Target (goods and services) | 39,593 | 47,452 | 52,296 | 58,204 | 13.8 |
| Rest of sectors (services and other goods) | 5,939 | 11,923 | 12,931 | 14,395 | 40.2 |

Source: Revenue Streams Roadmaps

Notes:

- Electronics - Business Development Team (BDT) target of additional US\$20 B in 2010, with 2005 expected to be a down year. Growth to resume in 2006 and continue through 2008. Another mild downturn in 2009
- Home Furnishings - BDT target of 16% over 2004, approximately 5.1% increase per year
- Mining - BDT target of US\$2.0 B in 2009, growth will be experienced starting 2006
- Wearables include fashion garments, jewelry, fashion accessories. BDT target of 1% growth in 2005, 6% in 2006 and 7% in 2008, approximately 6% increase from 2006-2007
- Giftware - BDT target growth of 5% in 2005 and export sales of US\$191M in 2010, approximately growth of 5.33% per year (2006-2010)
- Construction - BDT target growth of 5% per year
- Automotive - BDT target of US\$2.75 B in 2007
- Marine - BDT target of US\$518 M in 2005 with 5% growth from 2005-2006 and US\$598 M in 2007
- Organics - BDT targets 5% growth per year
- Food - BDT target growth of 10% per year until 2007 and US\$4.0 B in 2010

Summary of Key Market Targets 2005-2007 (in US\$ Millions)

| Markets | 2004 (actual) | 2005 | 2006 | 2007 | Ave. growth (%) 04-07 |
|-------------------------------|--------------------------|-------------|-------------|-------------|----------------------------------|
| ASEAN | 6,839 | 7,359 | 7,918 | 8,520 | 7.6 |
| China | 5,791 | 7,529 | 9,787 | 12,723 | 30.0 |
| Japan | 7,963 | 9,556 | 11,467 | 13,760 | 20.0 |
| USA | 6,714 | 6,714 | 7,003 | 7,304 | 2.9 |
| EU | 6,502 | 6,502 | 6,866 | 7,251 | 3.7 |
| Other Markets | | | | | |
| Taiwan | 2,188 | 2,350 | 2,524 | 2,711 | 7.4 |
| South Korea | 1,113 | 1,222 | 1,342 | 1,473 | 9.8 |
| Australia + New Zealand | 520 | 596 | 683 | 783 | 14.6 |
| Canada | 281 | 302 | 325 | 349 | 7.5 |
| UAE | 107 | 116 | 125 | 135 | 8.0 |
| India | 89 | 101 | 114 | 128 | 13.0 |
| Saudi Arabia | 39 | 42 | 46 | 50 | 8.7 |
| Total Key Markets | 38,146 | 42,387 | 48,198 | 55,186 | 13.1 |
| Target | 39,598 | 47,452 | 52,296 | 58,204 | |
| Rest of Markets + services | 1,452 | 5,065 | 4,098 | 3,018 | |

Source: Tradeline Philippines, DTI Market officers' projections

**Summary of Priority Sector Merchandise Exports to Key Markets
– Projections, 2005 (in US\$ Millions)**

| Markets | Sector | | | | | | | | | |
|--------------|---------------|--------------|--------------|------------|------------|--------------|-----------|------------|------------|------------|
| | ELEC | A&P | Food | Marine | HF | Wear | Org | Mining | GHD | CM |
| ASEAN | 5,232.6 | 534.4 | 198.6 | 21.7 | 20.6 | 43.4 | 34.6 | 53.1 | 0.9 | 26.6 |
| China | 5,223.3 | 22.3 | 100.9 | 14.9 | 8.6 | 42.2 | 1.7 | 67.8 | 2.4 | 15.2 |
| Japan | 4,121.6 | 652.7 | 326.6 | 132.7 | 55.2 | 88.4 | 0.2 | 216.5 | 12.7 | 70.2 |
| USA | 4,899.4 | 528.0 | 284.2 | 182.4 | 297.7 | 1,693.4 | 7.0 | 13.1 | 68.7 | 59.1 |
| EU | 3,916.1 | 128.8 | 69.2 | 33.3 | 60.3 | 310.1 | 0.9 | 50.6 | 39.4 | 12.0 |
| Taiwan | 2,822.6 | 46.4 | 68.4 | 40.9 | 4.0 | 10.7 | 2.0 | 17.3 | 1.0 | 4.6 |
| Australia | 226.2 | 82.9 | 41.1 | 2.3 | 8.6 | 21.0 | 5.3 | 7.2 | 13.5 | 14.5 |
| South Korea | 1,172.3 | 1.4 | 99.9 | 61.3 | 1.7 | 18.7 | 3.1 | 19.2 | 0.7 | 7.9 |
| India | 82.8 | 13.2 | 5.1 | - | 0.5 | 4.2 | 2.5 | 4.3 | 0.2 | 11.7 |
| Canada | 254.1 | 23.0 | 21.0 | 23.9 | 8.3 | 57.2 | 0.3 | 2.0 | 3.2 | 4.6 |
| UAE | 24.5 | 2.8 | 52.3 | 2.6 | 11.5 | 17.6 | 9.2 | 1.5 | 2.5 | 0.1 |
| Saudi Arabia | 2.8 | 4.0 | 19.7 | 1.9 | 10.8 | 14.0 | 2.6 | 1.2 | 1.9 | 0.2 |
| Total | 27,978 | 2,040 | 1,287 | 518 | 488 | 2,321 | 69 | 454 | 147 | 227 |

Source: BDT Roadmaps; BETP projections

**Summary of Priority Sector Merchandise Exports to Key Markets
– Projections, 2006 (in US\$ Millions)**

| Markets | Sector | | | | | | | | | |
|--------------|---------------|--------------|--------------|------------|------------|--------------|-----------|------------|------------|------------|
| | ELEC | A&P | Food | Marine | HF | Wear | Org | Mining | GHD | CM |
| ASEAN | 5,810.4 | 644.3 | 225.3 | 20.3 | 26.1 | 53.1 | 36.6 | 88.1 | 0.8 | 28.4 |
| China | 6,150.9 | 25.8 | 107.9 | 11.2 | 10.0 | 48.2 | 1.5 | 78.7 | 2.6 | 15.3 |
| Japan | 4,672.2 | 767.8 | 360.2 | 131.9 | 47.8 | 78.6 | 0.1 | 296.6 | 12.1 | 78.1 |
| USA | 5,156.1 | 577.2 | 307.3 | 193.5 | 314.3 | 1,780.7 | 6.5 | 20.8 | 68.7 | 61.2 |
| EU | 3,917.9 | 148.1 | 73.2 | 35.8 | 63.7 | 342.4 | 0.8 | 67.9 | 42.5 | 9.8 |
| Taiwan | 3,244.3 | 54.5 | 73.4 | 43.7 | 4.2 | 11.6 | 1.9 | 25.5 | 1.0 | 3.1 |
| Australia | 260.8 | 102.4 | 48.8 | 2.7 | 9.1 | 25.8 | 5.6 | 11.9 | 17.7 | 16.6 |
| South Korea | 1,319.5 | 1.3 | 111.9 | 73.7 | 1.5 | 23.9 | 3.3 | 21.7 | 0.7 | 7.1 |
| India | 101.3 | 14.1 | 6.1 | - | 0.7 | 4.4 | 2.7 | 6.5 | 0.3 | 13.4 |
| Canada | 306.4 | 24.4 | 20.4 | 26.1 | 8.4 | 57.5 | 0.3 | 3.4 | 2.9 | 4.7 |
| UAE | 28.4 | 3.1 | 59.1 | 3.0 | 13.8 | 17.2 | 10.7 | 3.0 | 3.1 | 0.1 |
| Saudi Arabia | 3.7 | 5.4 | 22.0 | 1.9 | 13.0 | 16.9 | 2.8 | 2.2 | 2.5 | 0.2 |
| Total | 30,972 | 2,368 | 1,416 | 544 | 513 | 2,460 | 73 | 626 | 155 | 238 |

Source: BDT Roadmaps; BETP projections

**Summary of Priority Sector Merchandise Exports to Key Markets
- Projections, 2007 (in US\$ Millions)**

| Markets | Sector | | | | | | | | | |
|--------------|---------------|--------------|--------------|------------|------------|--------------|-----------|------------|------------|------------|
| | ELEC | A&P | Food | Marine | HF | Wear | Org | Mining | GHD | CM |
| ASEAN | 6,464.8 | 773.3 | 254.8 | 19.8 | 32.3 | 64.0 | 38.7 | 147.3 | 0.7 | 30.1 |
| China | 7,196.7 | 30.1 | 115.8 | 8.9 | 11.5 | 55.1 | 1.4 | 92.9 | 2.9 | 15.5 |
| Japan | 5,265.3 | 897.0 | 395.8 | 137.0 | 41.9 | 67.7 | 0.1 | 413.7 | 11.4 | 85.1 |
| USA | 5,450.9 | 635.6 | 333.2 | 214.1 | 329.7 | 1,870.0 | 6.1 | 33.8 | 68.2 | 63.4 |
| EU | 3,926.1 | 170.8 | 77.7 | 40.1 | 67.0 | 377.6 | 0.8 | 93.0 | 45.6 | 8.0 |
| Taiwan | 3,760.6 | 64.6 | 79.2 | 49.1 | 4.4 | 12.6 | 1.7 | 38.3 | 1.0 | 2.1 |
| Australia | 299.8 | 125.2 | 57.4 | 3.3 | 9.6 | 31.3 | 6.0 | 19.9 | 22.5 | 18.7 |
| South Korea | 1,486.1 | 1.2 | 125.1 | 90.4 | 1.3 | 30.0 | 3.5 | 25.1 | 0.6 | 6.4 |
| India | 125.5 | 15.1 | 7.4 | - | 0.8 | 4.5 | 3.0 | 9.9 | 0.5 | 15.6 |
| Canada | 365.4 | 26.1 | 19.9 | 29.7 | 8.3 | 58.2 | 0.3 | 5.9 | 2.6 | 4.8 |
| UAE | 32.9 | 3.5 | 66.6 | 3.6 | 16.4 | 16.8 | 12.0 | 5.5 | 3.7 | 0.1 |
| Saudi Arabia | 4.8 | 7.1 | 24.3 | 2.0 | 15.4 | 20.1 | 2.9 | 4.1 | 3.3 | 0.2 |
| Total | 34,379 | 2,750 | 1,557 | 598 | 539 | 2,608 | 76 | 889 | 163 | 250 |

Source: BDT Roadmaps; BETP projection

ANNEX B: REVENUE STREAMS' ROADMAPS AND ACTION PLANS

This annex shows the vision, roadmaps for 2005 - 2007 and action plans of each priority sector. The roadmaps show the main and supplementary strategies and the general programs or themes of activities that will be pursued per strategy. Action plans for the year 2005 expand the roadmaps into specific activities to be implemented, corresponding timelines, and lead agencies.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SERVICES

VISION

The Philippines to become a Global E-Services Hub

MAJOR STRATEGY

Advocate increased training programs to broaden the base of qualified contact center agents and certified high-value ICT professionals.

| ROADMAP FOR 2005 – 2007 | |
|--|---|
| Strategies | Major Programs |
| <p>Major Strategy:</p> <p>Advocate increased training programs to broaden the base of qualified contact center agents and certified high-value ICT professionals.</p> | <ul style="list-style-type: none"> ■ Nationwide enhancement of English language curriculum ■ Creation of courses and accreditation systems ■ Forging of Industry-Academe partnerships ■ Expansion of training centers |
| <p>Supplementary Strategy:</p> <p>Proactive promotion and focused investment targeting</p> | <ul style="list-style-type: none"> ■ Development of new ICT hubs ■ Continuous market intelligence gathering ■ Participation in international exhibits and conferences ■ Continuous information exchange on ICT capabilities ■ Pursuance of a legislative program |

| ACTION PLAN FOR 2005 | | | |
|--|--|------------|---------------|
| Strategies | Activities | Timeline | Lead Agencies |
| Advocate increased training programs to broaden the base of qualified contact center agents and certified high-value ICT professionals | ■ Enhance the English language curriculum nationwide | Continuing | DepEd, CHED |
| | ■ Develop bridging courses/ skills upgrading and/or certification based on international standards for eServices sectors | Continuing | TESDA |
| | ■ Establish new training centers | Continuing | TESDA |
| Proactive promotion and focused investment targeting | ■ Identify and develop other potential ICT hubs | Continuing | BOI |
| | ■ Conduct market intelligence to targeted companies | Continuing | BETP |
| | ■ Organize trade and | Continuing | BETP |

| Strategies | Activities | Timeline | Lead Agencies |
|------------|---|------------|---------------|
| | investment missions | | |
| | promotion | | |
| | <ul style="list-style-type: none"> ■ Participate in international exhibits and conferences ■ Country sell in conferences and exhibition in the currently under-penetrated markets (Central and South America, Europe, Asia, etc.) | Continuing | CITEM |
| | | Continuing | CITEM |

ELECTRONICS

VISION

Transform the Philippines into a regional center of excellence in selected electronics industry products and processes, and thus become the investment location of choice for domestic and foreign organizations for design and manufacturing activities.

MAJOR STRATEGIES

A. For the Multinational segment:

Improve business environment by addressing the following concerns:

1. High cost of power through special arrangement with DOE for special power rates for big users;
2. Industry-specific guidelines on fixed-term employment contracts through DOLE and implementation of the compressed work-week;
3. Definition of qualified theft as an offense that is not subject to bail through the issuance of a DOJ department order;
4. Upgrading of technical competencies and skills aligned with the needs of the industry

B. For the Filipino-owned segment:

Commercialize original design technologies by providing linkages to financing, markets and standards; and establish a "technopreneurship" program to properly incubate technology-oriented SMEs.

| ROADMAP FOR 2005 - 2007 | |
|-------------------------------------|--|
| Strategies | Major Programs |
| Major Strategy: | |
| Improvement of business environment | <ul style="list-style-type: none"> ■ Creation of special arrangement with DOE for special power rates for big users ■ Development of guidelines on fixed-term employment contracts and implementation of the compressed work-week ■ Issuance of department order on the issue of qualified theft ■ Upgrading of technical competencies and skills aligned with the needs of the industry |

| Strategies | Major Programs |
|--|--|
| Major Strategy: | |
| Commercialize original design technologies by providing linkages to financing, markets and standards; and establish a "technopreneurship" program to properly incubate technology-oriented SMEs. | <ul style="list-style-type: none"> ■ Strengthening of the value chain for ODM technologies ■ Increase exposure of Filipino-owned electronics companies |
| Supplementary Strategies: | |
| Aggressive investment and export promotion | <ul style="list-style-type: none"> ■ Conduct of investment missions and business matching activities ■ Advocacy for improvements to the Omnibus Investment Code ■ Encouragement of policies for industry growth ■ Productive engagement with media |
| Ensure retention of investments in the country | <ul style="list-style-type: none"> ■ Continuous improvement of business environment ■ Alignment with ASEAN electronics priority program directions |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|-------------------------------------|--|-----------------------|---------------------|
| Improvement of business environment | ■ Pursue special arrangement with DOE for special power rates for big users | June | DOE |
| | ■ Pursue special arrangement with DOLE on labor contracting for the electronics industry | June | DOLE |
| | ■ Implement the compressed workweek | March | DOLE |
| | ■ Define qualified theft as an offense that is not subject to bail through the issuance of a DOJ department order | September | DOJ |
| | ■ Revise BS Engineering Curriculum to meet industry requirement | Ongoing ⁴⁴ | CHED |
| | ■ Partner with EDA developers to establish an RD&E and training center that will generate more design engineers and attract investments in design houses | December | DTI |
| | ■ Initiate linkages of Philippine academe with leading U.S. universities (Berkeley or Stanford) | September | DTI |
| | ■ Collaborate with Taiwan on donation of lab-scale wafer fab that will complement trainings on design | June | DTI DOST-PCASTRD |

| Strategies | Activities | Timeline | Lead Agencies |
|--|---|--|--|
| | <ul style="list-style-type: none"> ■ Develop specific actions plans to realize the scenarios in the “In-Country Technology Foresight Project” with industry and academe | December | DTI |
| Commercialize original design technologies by providing linkages to financing, markets, and standards; and establish a “technopreneurship” program to properly incubate new technology-oriented SMEs | <ul style="list-style-type: none"> ■ Supply Chain Analysis/Conduct of an industry scan as to the existing capabilities of electronics companies in the country ■ Link SMEs in the allied electronics industry with institutions that will provide financial/technological support ■ Participate in at least 3 trade fairs ■ Conduct the Reverse Trade Fair: Industry link | June Continuing Annual Annual | DTI DTI CITEM |
| Aggressive investment and export promotion | <ul style="list-style-type: none"> ■ Advocate the amendment to the current Omnibus Investments Code ■ Identify and conduct at least six investment missions ■ Invite identified suppliers in Taiwan and Japan ■ Develop value proposition for each product/activity of investments being attracted ■ Conduct a study on Philippine copper industry in relation to leadframes manufacturing ■ Institutionalize “Walking Tour” ■ Release at least one “good news” per month ■ Develop guidelines that will spur high-technology activities and encourage technological advances | June Annual January to December Continuing June June Monthly | BOI DTI DTI DTI DTI DTI DOST |
| Others retention Strategies | <ul style="list-style-type: none"> ■ Network with other government agencies in addressing imperatives (roads, security, VAT claims, establishment of cargo warehouse in NAIA 3, etc.) ■ Actively participate in various international fora (Taipei Summit, ASEAN PIP, etc.) ■ Actively influence ASEAN Electronics Forum to ensure implementation of ASEAN Electronics Roadmap and recommend new measures | Continuing Continuing Continuing | DTI DTI BITR |

AUTOMOTIVE

VISION

Together with its global partners, the Philippine motor vehicle industry shall be:

- A globally-competitive producer of strategic automotive parts and components, serving the domestic and export markets for OEM and aftermarket; and
- A forerunner in the ASEAN export market for specific CBU models.

MAJOR STRATEGIES

Enable assemblers to invest in productivity enhancing technologies (multi-model assembly), establish standards, and upgrade skills. Enhance the Automotive Export Incentive Program.

| ROADMAP FOR 2005 - 2007 | |
|---|--|
| Strategies | Major Programs |
| Major Strategy: | |
| <p>Enable assemblers to invest in productivity enhancing technologies (multi-model assembly)</p> <p>Establish standards and upgrade skills</p> <p>Enhance the Automotive Export Incentive Program</p> | <ul style="list-style-type: none"> ■ Prioritization on critical processes and products ■ Best practices sharing and exchange ■ Establishment of excellence centers and technology exchange systems ■ Development of technical experts ■ Development of Industry-academe partnerships ■ Pursuance of a legislative and policy-development program |
| Supplementary Strategies: | |
| <p>Strengthen value chain of parts manufacturing</p> <p>Align all policies on bilateral and regional trade agreements</p> | <ul style="list-style-type: none"> ■ Strengthening of clustering program ■ Improvement of business environment ■ Proactive engagement of bilateral partners |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|---|---|---|--|
| Enable assemblers to invest in productivity enhancing technologies (multi-model assembly) | <ul style="list-style-type: none"> ■ Promote investments in critical processes and products ■ Share best practices on cost reduction and productivity ■ Collaborate to increase value add and attain better economies of scale. | <p>March to September</p> <p>Continuing</p> <p>October to December</p> | <p>Industry associations</p> <p>Industry associations</p> <p>BOI</p> |
| Establish standards and upgrade skills | <ul style="list-style-type: none"> ■ Establish Auto Technology Excellence Center ■ Establish Philippine MV standardization system <ul style="list-style-type: none"> o Participate in WP 29 activities o Support Working Groups on technical harmonization - AAF-TW on Environment Certification System and Safety & BPS TC 44 ■ Continue Technical Experts Program: Develop other skills certification system with assistance from Japan and the US ■ Build export capability through mentoring of MNCs and OEMs ■ Strengthen Auto Suppliers' Club | <p>September</p> <p>March</p> <p>January to December</p> <p>Continuing</p> <p>January onwards</p> <p>June</p> | <p>BOI</p> <p>BOI</p> <p>Industry associations</p> <p>Industry associations</p> <p>BOI</p> |
| Enhance the Automotive Export Incentive Program | <ul style="list-style-type: none"> ■ Undertake academe-industry linkage program ■ Pursue Shop Floor Level core competency program ■ Issue EO to Integrate/enhance Automotive Export Incentive Program ■ Stop used vehicle imports ■ Implement regulations on vehicle registration and inspection system (MVIS) | <p>March to December</p> <p>March</p> <p>March</p> <p>December</p> <p>March to June</p> | <p>BOI</p> <p>BOI</p> <p>BOI</p> <p>BOI</p> <p>BIS</p> |
| Strengthen value chain of parts manufacturing | <ul style="list-style-type: none"> ■ Promote clustering | <p>January onwards</p> | <p>Industry associations</p> |
| Align all policies on bilateral and regional trade agreements | <ul style="list-style-type: none"> ■ Identify value chain gaps for parts manufacturing ■ Reduce cost of doing business: <ul style="list-style-type: none"> - Road networks and traffic improvement - Explore e-purchasing benefits - Explore measures to reduce power cost ■ Resolve issues on JPEPA ■ Prepare position papers on RP-China, RP-India, RP-Korea, and RP-ANZ | <p>January onwards</p> <p>March to September</p> <p>March</p> <p>June</p> | <p>Industry associations</p> <p>Industry associations</p> <p>BITR</p> <p>BOI</p> |

MINERALS

VISION

A mining industry that is sustainable economically, socially, environmentally with broad community, stakeholders, and political support leading to poverty alleviation and economic well-being.

MAJOR STRATEGY

Secure necessary investments to jumpstart the industry soonest

| ROADMAP FOR 2005 - 2007 | |
|--|---|
| Strategies | Major Programs |
| Major Strategy: | |
| Secure necessary investments to jumpstart the industry soonest | <ul style="list-style-type: none"> ■ Pursuance of a legislative and policy-development program |
| Supplementary Strategies: | |
| Ensure domestic concerns are equitably addressed | <ul style="list-style-type: none"> ■ Conduct of extensive domestic consultations |
| Improvement of business environment | <ul style="list-style-type: none"> ■ Simplification of business procedures |

| ROADMAP PLAN FOR 2005 | | | |
|---|--|----------|---------------|
| Strategies | Activities | Timeline | Lead Agencies |
| Secure necessary investment to jumpstart the industry soonest | <ul style="list-style-type: none"> ■ China Mining Investment Roadshow | January | BOI |
| | <ul style="list-style-type: none"> ■ International Mining ZConference | February | BOI |
| | <ul style="list-style-type: none"> ■ Mining Investment Promotion in Canada | March | BOI |
| | <ul style="list-style-type: none"> ■ ASEAN Mining Conference | June | BOI |
| | <ul style="list-style-type: none"> ■ Mining Investment Roadshow in Australia | August | BOI |
| Consultations with all industry stakeholders (LGUs, NGOs, Communities, IPs, etc.) | <ul style="list-style-type: none"> ■ Local Mining Roadshows <ul style="list-style-type: none"> o Baguio, Iloco Sur, Nueva Vizcaya, Zambales, Camarines Norte o Cebu, Negros Occ., Samar o Surigao, Cagayan De Oro, Davao, Zamboanga | August | BOI |

| Strategies | Activities | Timeline | Lead Agencies |
|--|---|--------------|---------------|
| Streamlining of procedures for issuance of mining permits, clearance, etc. | <ul style="list-style-type: none"> ■ Creation of 'One-Stop-Action-Center" Council for Mining | June onwards | BOI |

FOOD PRODUCTS

VISION

A strong food industry where all players are aware and responsive to emerging market requirements, trends and global challenges

Expanded presence of priority fresh and processed food products in the mainstream markets in Europe, USA, Asia, and ASEAN.

MAJOR STRATEGY

Upgrade capability to comply with market standards and implement country branding of key products

ROADMAP FOR 2005 - 2007

| Strategies | Major Programs |
|--|--|
| <p>Major Strategy:</p> <p>Upgrade capability to comply with market standards and implement country branding of key products</p> | <ul style="list-style-type: none"> ■ Intensification of current standards upgrading training programs ■ Participation in international fora ■ Development of strong industry-academe partnerships |
| <p>Supplementary Strategies:</p> <p>Intensify focused marketing and promotional activities</p> | <ul style="list-style-type: none"> ■ Participation in trade fairs and missions |
| <p>Introduce OFW-based promotion of food products</p> | <ul style="list-style-type: none"> ■ Conduct of focused trade promotion activities |
| <p>Continuous market intelligence activities especially in US, EU, Japan, ME, Taiwan, China</p> | <ul style="list-style-type: none"> ■ Conduct of market research |
| <p>Strengthen supply chain for products under the priority cluster program</p> | <ul style="list-style-type: none"> ■ Intensification of clustering program |
| <p>Develop product and process technology</p> | <ul style="list-style-type: none"> ■ Increase of investment in research and development ■ Dissemination of new technologies |
| <p>Synchronize trade related programs of government agencies</p> | <ul style="list-style-type: none"> ■ Continuous advocacy of inter-agency cooperation |

ROADMAP FOR 2005 - 2007

| Strategies | Activities | Timeline | Lead Agencies |
|--|---|------------|---------------|
| Upgrade capability to comply with market standards | ■ Enhance accreditation program on GMP/HACCP | December | BETP |
| | ■ Intensify training programs on TQM, GMP, HACCP, Entrepreneurship Development, R&D conducted by academe, NGO | December | PATF |
| | ■ Establish Mutual Recognition Arrangements (MRAs) and bilateral arrangements with key markets | Continuing | BITR |
| | ■ Participate actively in CODEX, ACCE and other international fora | Continuing | BPS |
| | ■ Disseminate market requirements, trends, product standards, and other information to industry and academe | December | BETP |
| | ■ Implement Halal Development Program | May | BETP |
| | ■ Conduct international symposium on food requirements of major markets | December | BETP |
| | ■ Push for the upgrading/ installation of laboratory facilities in major producing areas | December | DOST |
| | ■ Intensify academe, NGO, industry linkage program | Continuing | DTI |
| Upgrade capability to comply with market standards | ■ Advocate the use of country branding: dried fruits, fruit juices, preserves, ethnic foods | December | DTI |
| | ■ Promote branded products and corresponding companies | December | BETP |

| Strategies | Activities | Timeline | Lead Agencies |
|---|--|--|---------------|
| Intensify focused marketing and promotional activities | <ul style="list-style-type: none"> ■ Organize/implement the following trade fairs/missions: <ul style="list-style-type: none"> - ISM 2005 Cologne, Germany - Saudifood w/ Business Mission to ME, and SA - IFEX 2005, Manila - World of Food Asia, Manila - Flavors of the Philippines and Business Mission to USA, SF/LA/NY - Philippine Business Mission with Food Festival, China - Taipei, Food Show, Taipei - ANUGA, Cologne, Germany - China Consumer Good Fair with Business Mission to Korea, China/Korea | <ul style="list-style-type: none"> June May to June May May June June October November December | CITEM |
| | <ul style="list-style-type: none"> ■ Arrange one-on-one meetings that could be timed with selling mission or trade fair | Continuing | FTSC |
| Intensify focused marketing and promotional activities | <ul style="list-style-type: none"> ■ Identify core Overseas Filipino Investors (OFIs) in the US, EU, ASEAN, ME, ASIA | July | DTI-SMED |
| | <ul style="list-style-type: none"> ■ Produce recipe card and other promotional collaterals | July | DTI |
| | <ul style="list-style-type: none"> ■ Involve OFIs in promotional activities | December | FTSC |
| Continuous market intelligence activities especially in US, EU, Japan, ME, Taiwan and China | <ul style="list-style-type: none"> ■ Conduct market research, benchmarking studies of priority products in USA, EU, ASEAN, Japan, Taiwan, China and ME | Every Quarter | FTSC |
| | <ul style="list-style-type: none"> ■ Provide updated market information such as trends, requirements, etc. | Monthly | EDC |
| Strengthen supply chain for products under the priority cluster program | <ul style="list-style-type: none"> ■ Follow-up agreements/projects identified under program on mango, processed foods and coconuts | March | BDT |
| | <ul style="list-style-type: none"> ■ Identify core of food processors/exporters per region | December | EDC |
| | <ul style="list-style-type: none"> ■ Coordinate with OTOP projects | December | BPS |

| Strategies | Activities | Timeline | Lead Agencies |
|---|---|-----------------|----------------------|
| Develop product and process technology | ■ Set up protocol for the development of intermediate processing technology | December | DTI |
| | ■ Organize private sector/core group to invest in/adapt R&D | December | DTI |
| | ■ Disseminate technologies developed | December | DTI |
| Synchronize trade related programs of government agencies | ■ Conduct top level dialogue with DA and other government agencies | June | BETP |
| | ■ Work towards the improved monitoring systems of partner regulatory | Continuing | DTI |
| | ■ Implement programs under ASEAN/PIS (ACSSQ) | December | |

MARINE PRODUCTS

VISION

The Philippine fishery industry to be a competitive producer of safe and quality fish and fishery products, serving the mainstream and emerging export markets

MAJOR STRATEGY

Upgrade capability to comply with market standards and implement country branding of key products

ROADMAP FOR 2005 - 2007

Strategies

Major Programs

Major Strategy:

Upgrade capability to comply with market standards and implement country branding of key products

- Intensification of current standards upgrading training programs
- Participation in international fora
- Development of strong industry-academe partnerships

Supplementary Strategies:

Establish bilateral/regional trade agreements, etc.

- Continuous engagement of RP trade partners

Develop and encourage more industry players

- Intensification of investment promotions

Strengthen the presence of export winners in the mainstream export markets

- Conduct of trade promotion activities

Maximize Overseas Filipino sector as a channel for business promotion and distribution and as market for Philippine fish and fishery products

- Conduct of focused trade promotions activities

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|---|---|------------|---------------|
| Upgrade capability to comply with market standards and implement country branding of key products | <ul style="list-style-type: none"> ■ Conduct GMP/HACCP training, in coordination with the concerned agencies | Continuing | BFAR |
| Implement country branding of key products | <ul style="list-style-type: none"> ■ Increase the supply capability of local producers through the adoption of new technology | Continuing | BOI |
| | <ul style="list-style-type: none"> ■ Create avenues for opportunities in technology application, production concerns, markets, business, etc. | Continuing | BAPI |
| | <ul style="list-style-type: none"> ■ Formulate the Comprehensive National Fisheries Industry Development Plan (CNFIDP) | June | BFAR |
| | <ul style="list-style-type: none"> ■ Package training programs | September | BETP |
| | <ul style="list-style-type: none"> ■ Intensify market intelligence on market preference | August | FTSC |
| | <ul style="list-style-type: none"> ■ Partner with funding agencies to establish common service facilities | December | BOI |
| | <ul style="list-style-type: none"> ■ Follow-up on the status of patent application | March | BAPI |
| | <ul style="list-style-type: none"> ■ Develop product standards for fish and fishery products (<i>bangus</i> and tilapia, dried fish) | September | BFAR |
| Establish bilateral/regional trade agreements, etc. | <ul style="list-style-type: none"> ■ Implement the use of Seal Of Excellence logo | December | CITEM |
| | <ul style="list-style-type: none"> ■ Negotiate access to fishing grounds and trade agreements to Republic of Palau and Brunei Darussalam under BIMP-EAGA | December | BETP |
| Develop and encourage more industry players | <ul style="list-style-type: none"> ■ Prepare Philippine position on various trade agreements: <ul style="list-style-type: none"> ○ RP - Iran ○ RP - China ○ JPEPA ○ ASEAN Integration | December | BITR |
| | <ul style="list-style-type: none"> ■ Conduct of investment fora/ joint-venture programs to promote investments | Continuing | BOI |

| Strategies | Activities | Timeline | Lead Agencies |
|--|---|---|-------------------------|
| | <ul style="list-style-type: none"> ■ Conduct investment missions and road shows: <ul style="list-style-type: none"> o Foreign Investments (Taiwan, China, Malaysia) o Overseas Filipinos (OFIs and OFWs) ■ Package investment kits for <i>bangus</i>, tilapia, crabs, abalone, etc. | <p>Continuing</p> <p>June</p> | <p>BOI</p> <p>BOI</p> |
| <p>Strengthen the presence of export winners in the mainstream export markets</p> <p>Maximize Overseas Filipino sector as a channel for business promotion and distribution and as market for Philippine fish and fishery products</p> | <ul style="list-style-type: none"> ■ Continue participation in/ organization of trade fairs, exhibits, and missions: <ul style="list-style-type: none"> o Saudi Food 2005 with Business Mission to the Middle East o ANUGA o Food selling mission to the US o Taipei Food Show o International Food Exhibition (IFEX) o 1st Philippine International Seafood Show | <p>May to June</p> <p>November</p> <p>June</p> <p>October</p> <p>May</p> <p>To be scheduled</p> | <p>CITEM and BETP</p> |
| <p>Maximize Overseas Filipino sector as a channel for business promotion and distribution and as market for Philippine fish and fishery products</p> | <ul style="list-style-type: none"> ■ Conduct a trade and selling mission for <i>bangus</i> products to Hong Kong ■ Establish a Food Trading Post | <p>December</p> <p>December</p> | <p>BETP</p> <p>BETP</p> |

ORGANICS

VISION

A dynamic organic and natural product sector with an increasing share in the global market.

MAJOR STRATEGY

Conform to standards for eventual organic certification; enhance management skills for improved competitiveness.

| ROADMAP FOR 2005 - 2007 | |
|---|--|
| Strategies | Major Programs |
| Major Strategy: | |
| Conform to standards for eventual organic certification | ▪ Intensification of current standards upgrading and training programs |
| Enhance management skills for improved competitiveness | ▪ Conduct of focused training programs |
| Supplementary Strategies: | |
| Increase production and commercial cultivation of selected products | ▪ Development of corresponding policies |
| Market access and expansion | ▪ Conduct of trade promotion activities |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|---|--|---|---------------|
| Conform to standards for eventual organic certification | <ul style="list-style-type: none"> ▪ Adopt industry standards and compliance with international requirements (e.g., rice, muscovado sugar, sugar palm vinegar, chicken, mango, coffee, fresh vegetables, <i>nata de coco</i>) | December | DA-BAFPS |
| | <ul style="list-style-type: none"> ▪ Adopt separate classification and regulatory standards for herbal-based products | December | DA-BAFPS |
| | <ul style="list-style-type: none"> ▪ Implement small holder group certification program for exports | December | DA-AMAS |
| Enhance management skills for improved competitiveness | <ul style="list-style-type: none"> ▪ Training and seminars: <ul style="list-style-type: none"> o Packaging Clinic o Trade Fair Participation o Orientation seminars on OA o Business Plan Preparation | Continuing | PTTC |
| Increase production and commercial cultivation of selected products | <ul style="list-style-type: none"> ▪ Develop a national program on production and cultivation on selected products | January to December | DA |
| Market access and expansion | <ul style="list-style-type: none"> ▪ Participation in local and international trade fairs <ul style="list-style-type: none"> o BIO-Search/IFEX o Coconut Week o Alternative health Month Under CBI Program: <ul style="list-style-type: none"> o BIO-Fach, Germany o Natural Ingredients, Paris Under AJC Program: <ul style="list-style-type: none"> o PEH in time with BIO-Fach, Japan | May August November February April September | CITEM |
| | <ul style="list-style-type: none"> ▪ OTOP product launch | | DTI |

HOME FURNISHINGS (as part of DESIGN-DRIVEN PRODUCTS)

VISION

To establish the Philippines as the preferred partner in Asia for unique furniture and houseware products with a commitment to innovation, exquisite craftsmanship, service, and quality

MAJOR STRATEGY

Invest in product design and development, establish regional design centers, and globalize Philippine brands focusing on mid- to high-end market segments

| ROADMAP FOR 2005 - 2007 | |
|--|--|
| Strategies | Major Programs |
| Major Strategy: Invest in product design and development | <ul style="list-style-type: none">▪ Continuous access to international expertise▪ Conduct of training programs▪ Conduct of awards and competition |
| Establish regional design centers | <ul style="list-style-type: none">▪ Identification and creation of excellence centers |
| Globalize Philippine brands focusing on mid- to high-end market segments | <ul style="list-style-type: none">▪ Strengthening of domestic market▪ Advocacy of branding philosophies |
| Supplementary Strategies: | |
| Promote market diversification | <ul style="list-style-type: none">▪ Development of corresponding policies |
| Address Value Chain Gaps to improve productivity and competitiveness | <ul style="list-style-type: none">▪ Continuous build up of market intelligence▪ Improvement of productivity▪ Identification of financial resources▪ Insurance of raw materials availability |
| Improve business environment (shipping/freight costs, infrastructure) | <ul style="list-style-type: none">▪ Advocacy for policy and process enhancement▪ Pursuance of legislative program for improvement of business environment |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies | |
|--|--|--|---|--|
| Invest in product design and development | <ul style="list-style-type: none"> ▪ Improve access to local and international designers with emphasis on design for manufacturing <ul style="list-style-type: none"> o PIFS Design Consultancy, France o France-Philippines Design Exchange | Continuing | PDDCP | |
| | <ul style="list-style-type: none"> ▪ Institute market and design seminars, fora, and training throughout the year and during locally held trade fairs <ul style="list-style-type: none"> o Buyer Forum (Cebu X, PIFS) o Design Forecasting and Trending | Continuing | CITEM | |
| | <ul style="list-style-type: none"> ▪ Continue to establish links with technical and vocational schools for skills upgrading | Continuing | Industry associations | |
| | <ul style="list-style-type: none"> ▪ Pursue design awards and competition: <ul style="list-style-type: none"> o ASEAN G-Mark o UNESCO AHPADA Seal of Excellence o Mugna - Cebu X o Katha - Manila FAME International (MFI) | <ul style="list-style-type: none"> Feb-May Mar-Aug Feb-Mar Apr and Oct | <ul style="list-style-type: none"> CITEM CITEM CFIF CITEM | |
| | | | | |
| Establish regional design centers | <ul style="list-style-type: none"> ▪ Conduct a Training Session on Design Forecasting and Trending | July | Industry Associations | |
| | <ul style="list-style-type: none"> ▪ Establish the Cebu Design Center | Continuing | CFIF | |
| Globalize RP brands focusing on mid-high end market segments | <ul style="list-style-type: none"> ▪ Promote lifestyle presentation and develop Philippine brand and original brand manufacturing: <ul style="list-style-type: none"> o Movement 8 at Salone Internationale del Mobile o PIFS Design consultancy o MFI MDCP lifestyle collections | <ul style="list-style-type: none"> April February April and October | <ul style="list-style-type: none"> CITEM CFIP CITEM | |
| | <ul style="list-style-type: none"> ▪ Create the story for the industry and strengthen domestic shows: <ul style="list-style-type: none"> o MFI repositioning o Collaborative Consultation for Show Promotion (MFI, PIFS and Cebu X) | <ul style="list-style-type: none"> October June | <ul style="list-style-type: none"> CITEM CITEM | |
| | | | | |
| | | | | |

| Strategies | Activities | Timeline | Lead Agencies |
|---|---|--|---|
| Promote market diversification | <ul style="list-style-type: none"> ▪Selling Missions to Australia and NZ | January to December | CITEM |
| Address Value Chain Gaps to improve productivity and competitiveness | <ul style="list-style-type: none"> ▪Seminar on Market Diversification | July (SMED Week) | BSMED |
| Market Intelligence | <ul style="list-style-type: none"> ▪Buyer Forum Cebu X, PIFS and Manila FAME ▪Market Knowledge and Intelligence System | Feb, March, April, and October Continuing | PTIC-Rome Industry Associations |
| Production | <ul style="list-style-type: none"> ▪Production Complementation within the association ▪Establish subcontractors development program (NTF starter kits) ▪Seminar on TQM, Standard, and Compliance | Continuing March | Industry Associations CITEM BSMED |
| Financing | <ul style="list-style-type: none"> ▪Provide financing for upgrading and expansion of facilities and capabilities <ul style="list-style-type: none"> o NTF Seminar o Financing Roadshows | July (SMED Week) March April | GFIs CITEM BSMED |
| Raw Materials | <ul style="list-style-type: none"> ▪Advocate rationalization of Illegal Logging Bill ▪Raw Material Mapping ▪Transformation nature and beyond | January to May Continuing May | EDC BDT CITEM |
| Improve business environment especially shipping/freight costs and infrastructure | <ul style="list-style-type: none"> ▪Establish link-up for logistics operations | Continuing | DTI |

GIFTWARE AND HOLIDAY DECOR (as part of DESIGN DRIVEN PRODUCTS)

VISION

To establish the Philippines as a preferred source of competitively priced, designed and well-crafted giftware and holiday decor

MAJOR STRATEGY

Invest in product design and development, establish regional design centers, and globalize Philippine brands focusing on mid- to high-end market segments

ROADMAP FOR 2005 - 2007

Strategies

Major Programs

Major Strategy:

Invest in product design and development

- Continuous access to international expertise
- Conduct of training programs
- Conduct of awards and competition

Establish regional design centers

- Identification and creation of excellence centers

Globalize Philippine brands focusing on mid- to high-end market segments

- Strengthening of domestic market
- Advocacy of branding philosophies

Supplementary Strategies:

Intensify export promotion activities

- Participation in trade promotion activities
- Development of the domestic market
- Usage of information technology

Sustain supply of raw materials

- Development of information base of domestic and foreign suppliers

Improve pricing strategy

- Dissemination of best practices through training courses and information technology

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|--|--|------------|-----------------------|
| Invest in product design and development | <ul style="list-style-type: none"> ▪ Conduct dialogues with manufacturers and industry associations to identify design needs and requirements | Continuing | CITC |
| | <ul style="list-style-type: none"> ▪ Undertake R&D on raw materials used and on alternative materials that can be substituted for those in short supply | Continuing | DOST |
| | <ul style="list-style-type: none"> ▪ Conduct skills upgrading program for sub-contractors | March | CITC |
| | <ul style="list-style-type: none"> ▪ Develop skills upgrading courses customized to the needs of the industry and aligned with market requirements | Continuing | CITC |
| | <ul style="list-style-type: none"> ▪ Undertake commercial intelligence on latest trends and themes in US and other target markets | Continuing | BETP |
| | <ul style="list-style-type: none"> ▪ Conduct seminars and workshops to disseminate information on design trends and themes in target markets | Continuing | PDDCP |
| Intensify export promotion activities | <ul style="list-style-type: none"> ▪ Identify new trade fairs in US and other major markets especially those in which the Philippines has not participated | March | FTSC |
| | <ul style="list-style-type: none"> ▪ Identify the merchandizers of the year-round specialty Christmas stores in the US | March | FTSC |
| | <ul style="list-style-type: none"> ▪ Create and maintain an industry website to reach out to wider domestic and foreign markets | March | Industry Associations |
| | <ul style="list-style-type: none"> ▪ Organize Philippine participation in selected new trade fairs | June | CITEM |
| | <ul style="list-style-type: none"> ▪ Organize a local sectoral fair | June | BDT |
| | <ul style="list-style-type: none"> ▪ Organize local buying mission to bring merchandizers to the manufacturers in NCR and regions | June | Industry Associations |
| | <ul style="list-style-type: none"> ▪ Establish permanent display for order taking/selling area in major shopping malls/NAIA | June | Industry Associations |

| Strategies | Activities | Timeline | Lead Agencies |
|---------------------------------|---|-----------------|-----------------------|
| Sustain supply of raw materials | ▪Conduct Phase II Raw Materials Mapping Project | Continuing | BDT |
| | ▪Explore direct importation of components and parts | Continuing | DTI |
| Improve pricing strategy | ▪Organize seminars with practical approach on cost-cutting measures and price competitiveness | Continuing | Industry Associations |

WEARABLES (as part of DESIGN DRIVEN PRODUCTS)

VISION:

The Philippine Wearables Sector will be recognized as a key source of competitively-priced, well-designed, and finely crafted apparel and accessories, as well as design and subcontracting services, to the international fashion market

MAJOR STRATEGY

Invest in product design and development, establish regional design centers, and globalize Philippine brands focusing on mid- to high-end market segments

| ROADMAP FOR 2005 - 2007 | |
|--|---|
| Strategies | Major Programs |
| Major Strategy: | |
| Invest in product design and development | <ul style="list-style-type: none"> ▪ Continuous product development and research ▪ Conduct of training programs |
| Establish regional design centers | <ul style="list-style-type: none"> ▪ Identification and creation of excellence centers |
| Globalize Philippine brands focusing on mid- to high-end market segments | <ul style="list-style-type: none"> ▪ Participation in trade promotion activities ▪ Advocacy of branding philosophies |
| Supplementary Strategies: | |
| Enhance productivity | <ul style="list-style-type: none"> ▪ Continuous introduction of new technologies ▪ Advocacy and implementation of product and process standards |
| Policy support | <ul style="list-style-type: none"> ▪ Pursuance of a legislative and policy-development program ▪ Continuous improvement of access to financial resources including from overseas development agencies |
| Sustain supply of raw materials | <ul style="list-style-type: none"> ▪ Development of information base of domestic and foreign suppliers |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|--|--|---|-----------------------------|
| Invest in product design and development | ▪ Develop products for mid- to high-end market capitalizing on design and quality capabilities | Continuing | Industry Associations |
| | ▪ Tropical Fabric Program | Continuing | PTRI |
| | ▪ Training Programs on Footwear Production supported by Hans Seidel Foundation and GTZ Germany | Continuing | Philippine Footwear Academy |
| | ▪ Introduction of Short Courses on Jewelry production technique and processes | May to December ¹ | CITC |
| | ▪ Product Design and Market Updating Program Year 2 (<i>Fine and Costume Jewelry, Leathergoods and Footwear</i>) | January to March ² | PDDCP |
| Globalize Philippine brands focusing on mid- to high-end market segments | ▪ Integrate and specialize on intra-ASEAN strengths in capturing a greater share of the global market: Participation in Source-IT Fair, Hong Kong | March Continuing | CITEM BETP |
| | ▪ Target lucrative markets: USA, Europe and Japan; Maximize potentials of niche markets (<i>i.e., tourist destinations: Italy, Greece, Spain, Portugal, Mexico, among others</i>) | | |
| | ▪ Participate in Key Int'l Trade Fairs: <ul style="list-style-type: none"> ○ Vicenza Oro 1, Italy ○ Macef Spring, Italy ○ HK Jewelry Fair, HK ○ GDS Int'l. Fair, Germany ○ Manila FAME Int'l. Phils | January January March March April and Oct | CITEM |
| | <ul style="list-style-type: none"> ○ Asia Pacific Leather Fair, HK ○ Vicenza Oro2, Italy ○ Macef Autumn, Italy ○ OroGemma, Italy ○ MIPEL, Italy | April June September September October | |

| Strategies | Activities | Timeline | Lead Agencies |
|----------------------|---|-----------------|---------------|
| Enhance productivity | <ul style="list-style-type: none"> ▪ Continue to forge better labor management-government cooperation through the Clothing and Textile Tripartite Council | June | CIC |
| | <ul style="list-style-type: none"> ▪ Implement Technology Intervention Programs: <ul style="list-style-type: none"> o Fabrication and re-engineering of imported machinery and equipment (Fine Jewelry and Footwear) | May to Oct | CITC |
| | <ul style="list-style-type: none"> o In-house Training for Technology Upgrading for sewing (<i>handbags</i>) | Continuing | CITC |
| | <ul style="list-style-type: none"> o Drying system for indigenous fibers (<i>leathergoods and Footwear</i>) | Continuing | DOST-FDRI |
| | <ul style="list-style-type: none"> o Training programs on Metal Design Technology (Costume Jewelry) | Continuing | DOST-TAPI |
| | <ul style="list-style-type: none"> ▪ Resume DOST development projects on lahar gems, electroforming , toll and dye-making (<i>Fine Jewelry</i>) | Continuing | DOST-ITDI |
| Policy support | <ul style="list-style-type: none"> ▪ Clarify EEC standards and conduct info campaign on waste treatment / disposal and develop affordable water treatment technology on firm level (<i>Fine Jewelry</i>) | Continuing | DOST |
| | <ul style="list-style-type: none"> ▪ Conduct information campaign on updated Philippine National Standards for Footwear and Jewelry | January to June | BPS |
| | <ul style="list-style-type: none"> ▪ Finalize IRR for RA 9290 Footwear, Leathergoods, and Tannery Industry Development Act and Conduct info campaign | January to June | BOI |
| | <ul style="list-style-type: none"> ▪ Simplify procedure on revised IRR of the Jewelry Industry Development Act | January to June | EDC |
| | <ul style="list-style-type: none"> ▪ Promote existing financing facilities for exporters (i.e., IGLF, Production Expansion fund, SB Corporation's P100-M facility for footwear manufacturer) | Continuing | DTI |
| | <ul style="list-style-type: none"> ▪ Source and offer financial facility for sub-contractor | Continuing | SMEDG |

| Strategies | Activities | Timeline | Lead Agencies |
|------------|--|------------|---------------|
| | <ul style="list-style-type: none"> ▪ Coordinate Sectoral Enhancement Programs funded by CIDA-PEARL2 and other foreign ODA | Continuing | DTI |
| | <ul style="list-style-type: none"> ▪ Conduct Phase II Raw material Mapping Project Sustain supply of raw materials | August | BDT |

CONSTRUCTION MATERIALS AND SERVICES

VISION

The Philippines to be a global player in the global market. Making the Philippine construction materials and services well-known in major foreign as well as domestic markets.

MAJOR STRATEGY

Partner with international construction consultants to promote Philippine construction services and materials; lower production cost, and develop or adopt international standards for construction materials

| ROADMAP FOR 2005 - 2007 | |
|--|---|
| Strategies | Major Programs |
| <p>Major Strategy:</p> <p>Establish linkages with Filipino consultants based abroad to promote Philippine construction services and materials</p> | <ul style="list-style-type: none"> ▪ Continuous formation of partnerships ▪ Development of information base of exporters and supply of materials ▪ Participation in international events |
| <p>Lower the costs of:</p> <ul style="list-style-type: none"> ▪ Raw Materials ▪ Fuel ▪ Delivery | <ul style="list-style-type: none"> ▪ Dissemination of information ▪ Continuous advocacy for infrastructure improvements ▪ Creation of corresponding policies |
| <p>Develop and implement product standards</p> | <ul style="list-style-type: none"> ▪ Creation and implementation of standards ▪ Continuous advocacy of standards usage ▪ Development of supporting infrastructure |
| <p>Supplementary Strategies:</p> <p>Increase utilization of locally produced construction materials</p> | <ul style="list-style-type: none"> ▪ Improvement of usage in the domestic market |
| <p>Improvement of business environment</p> | <ul style="list-style-type: none"> ▪ Promotion of fair business environment ▪ Encouragement and support for overseas construction projects |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|---|--|-------------------|-----------------------|
| Establish linkages with Filipino consultants based abroad to promote Philippine construction services and materials | ▪ Establish linkage with major foreign contractors and consultants' associations | March to December | Industry Associations |
| | ▪ Develop database on Filipino construction consultants based abroad or engineers and architects working with big design firms | Continuing | Industry Associations |
| | ▪ Build-up database of the construction materials sector | June onwards | Industry Associations |
| | ▪ Participate in major local and international construction trade fairs | Continuing | DTI |
| | ▪ Conduct Construction Materials Congress | November | Industry Associations |
| | ▪ Assist construction materials associations to develop their respective websites | Continuing | CIAP |
| | ▪ Develop catalogues of products and services | Continuing | Industry Associations |
| | ▪ Assist the services sector to make promotional brochures | Continuing | CIAP |
| ▪ Conduct or coordinate the conduct of seminars on ISO Cert. Certification | Continuing | BPS | |
| Lower the costs of: | | | |
| ▪ Raw Materials | ▪ Request Tariff Commission to reduce tariff rates of identified raw materials | March to May | DTI |
| | ▪ Monitor the exportation of iron and steel scrap materials and the impact to the local manufacturers of metal based products | February onwards | DTI |
| ▪ Fuel | ▪ Conduct information and education campaign on alternative sources of energy | March to December | PCA |
| | ▪ Ensure availability of compressed natural gas | Continuing | PCA |
| | ▪ Declare support to the early implementation of Batangas-Manila (BAT-MAN) NG distribution pipeline project | February | PCA |
| ▪ Delivery | ▪ Propose to PPA to make the Port of Batangas more accessible to Inter-island vessels | February to June | Industry Associations |

| Strategies | Activities | Timeline | Lead Agencies |
|---|---|-----------------|-----------------------|
| | <ul style="list-style-type: none"> ▪ Prioritize completion of skyway and star highway to Batangas port | June | DPWH |
| Develop and implement product standards | <ul style="list-style-type: none"> ▪ Expedite development of standards for construction materials ▪ Review and update the plumbing code ▪ Include the following products under mandatory standards: ceramic products, ductile iron pressures pipes, cast iron soil pipes, flat glass, and structural lumber ▪ Intensify monitoring of, and compliance to standards, filing appropriate charges or impose sanctions to erring firms ▪ Develop a monitoring scheme of compliance with product standards ▪ Establish a one-stop testing center ▪ Expedite the donation of testing equipment for sanitary ware ▪ Assess the implementation of <i>Batas Pambansa Bilang 8 (An Act Defining the Metric System and its Units, Providing for its Implementation and for Other Purposes)</i> | Continuing | PCA |
| | | Continuing | Industry Associations |
| | | Continuing | BPS |
| | | Continuing | BPS |
| | | Continuing | BPS |
| | | Continuing | Industry Associations |
| | | Continuing | BPS |
| Increase utilization of locally produced construction materials | <ul style="list-style-type: none"> ▪ Support Senate Bill Nos. 169 and 1507, An Act Requiring the Use of Philippine-Made Materials in Construction Contracts for Public Works Projects ▪ Request Infra Agencies to use locally-produced construction materials in public works projects | January onwards | Industry Associations |
| | | Continuing | Industry Associations |
| Improvement of business environment | <ul style="list-style-type: none"> ▪ Support the proposed amendment to the provisions of the Government Procurement Act (RA 9184) ▪ Support the passage of the Anti-Smuggling or Economic Sabotage Bill | Continuing | Industry Associations |
| | | Continuing | Industry Associations |

| Strategies | Activities | Timeline | Lead Agencies |
|------------|--|------------|---------------|
| | ▪ Sign MOU among DTI-BIS, PPA, BOC on the access to vessel manifest | Continuing | DTI |
| | ▪ Conduct a study to determine why imported materials (cast iron pipes) are cheaper than locally manufactured products | Continuing | PCA |
| | ▪ Develop incentives scheme for overseas construction services and related activities | Continuing | BOI |
| | ▪ Prepare Draft Bill on Incentives for overseas construction services and related activities | Continuing | BOI |

LOGISTICS

VISION

The Subic-Clark corridor shall become the most competitive international service and logistics center in the Southeast Asian region.

MAJOR STRATEGY

Develop and enhance strategic partnerships with existing and possible major stakeholders in a complete end-to-end logistics management system by providing the necessary incentives and support infrastructure.

| ROADMAP FOR 2005 - 2007 | |
|---|--|
| Strategies | Major Programs |
| <p>Major Strategy:</p> <p>Develop and enhance strategic partnerships with existing and possible major stakeholders in a complete end-to-end logistics management system by providing the necessary incentives and support infrastructure</p> | <ul style="list-style-type: none"> ▪ Leverage on partnerships with existing players ▪ Increase of cooperation and coordination among existing stakeholders ▪ Development of local logistics expertise |

| ACTION PLAN FOR 2005 | | | |
|--|--|-------------------|---------------|
| Strategies | Activities | Timeline | Lead Agencies |
| Develop and enhance strategic partnerships... | | | |
| Leverage on the presence of the major industry players in the Philippines (UPS, DHL, others) | ▪Address issues presented by the industry players | Continuing | BOI |
| | ▪Identify business model of existing companies | April to December | BOI |
| | ▪Identify infrastructure requirements for intermodal connectivity | March to August | BOI |
| | ▪Identify areas for government-private sector development | April to June | BOI |
| | ▪Identify potential market for logistics center | March to August | BETP |
| | ▪Identify potential cargo and passenger airlines to fly to/ from Clark | April to December | CDC |
| Increase cooperation and coordination between and among industry players | ▪Conduct consultative meetings with companies | April to December | BOI |

| Strategies | Activities | Timeline | Lead Agencies |
|---|--|-------------------|---------------|
| | ▪ Regional mapping/profiling | April to December | BOI |
| | ▪ Engage Clark Development Corporation and Subic Freeport and Special Economic Zone for networking and data gathering | February to March | BOI |
| | ▪ Conduct Consultative Meetings with the Private Sector(AFPI, Port Users Confederation, Philippine International Sea Freight Forwarders and others) | April to December | BOI |
| | ▪ Conduct Plant Visits to major Ports in Manila | April to June | BOI |
| | ▪ Resolve and address concerns of industry with government agencies such as CAB, PPA, among others | Continuing | BOI |
| | ▪ Schedule a Logistics Forum to gather all stakeholders and develop the Industry's Promotion and Development Plan | April to November | BOI |
| Develop a pool of logistics experts through formal educational system | ▪ Develop a logistics management curriculum with identified schools | April to December | CHED |
| | ▪ Capacity build-up for existing logistics personnel | April to December | TESDA |

HEALTH AND WELLNESS

VISION

A globally-competitive Philippine health and wellness service industry.

MAJOR STRATEGY

Encourage foreign investments for the establishment of medical tourism zones; and

Integrate the services of local medical establishments, health and wellness practitioners as well as support services such as hotels and tourism-related organizations under a holistic country branding.

ROADMAP FOR 2005 - 2007

| Strategies | Major Programs |
|--|---|
| <p>Major Strategy:</p> <p>Encourage foreign investments for the establishment of medical tourism zones</p> | <ul style="list-style-type: none"> ▪ Development of incentives ▪ Identification of areas for development |
| <p>Integrate the services of local medical establishments, health and wellness practitioners as well as support services under a holistic country branding</p> | <ul style="list-style-type: none"> ▪ Creation of a knowledge base on current expertise ▪ Forging of industry-academe-government partnerships ▪ Development of unique service offerings |

ACTION PLAN FOR 2005

| Strategies | Activities | Timeline | Lead Agencies |
|---|--|------------|---------------|
| Encourage foreign investments for the establishment of medical tourism zones | <ul style="list-style-type: none"> ▪ Pursue investment leads such as Anker Medical Technologies from Germany | Continuing | BOI |
| | <ul style="list-style-type: none"> ▪ Include medical tourism as an activity inside special economic zones through modifications in the investment code | Continuing | BOI |
| Integrate the services of local medical establishments, health and wellness practitioners as well as support services under a holistic country branding | <ul style="list-style-type: none"> ▪ Enlist health and wellness as one products/services in OTOP | Continuing | DTI |
| | <ul style="list-style-type: none"> ▪ Identify health and wellness areas in the regions | Continuing | DTI |
| | <ul style="list-style-type: none"> ▪ Engage Regional Directors in the development of the industry development program (i.e., industry mapping, promotion, etc.) | Continuing | DTI |

| Strategies | Activities | Timeline | Lead Agencies |
|------------|---|------------|---------------|
| | <ul style="list-style-type: none"> Develop medical, health and wellness packages for promotion in coordination with medical service providers and tour operators/travel agencies (e.g., Korea: PR-based Cosmetic Surgery Vacation Packages for Korean tourists - medical services exports) | Continuing | DTI and DOT |

ANNEX C: MODEL OTOPS

| Region | Province | Town | Product |
|--------|-------------------|---------------|------------------------------|
| CAR | Kalinga | Tabuk | Roasted Coffee |
| I | La Union | Rosario | Wood Furniture |
| II | Tuguegarao | Bagao | Home Furnishing |
| III | Nueva Ecija | Gapan | Giftware and Holiday Décor |
| IVa | Laguna | Paete | Wood carving and paper mache |
| IVb | Marinduque | Torrijos | Woven buntal |
| V | Albay | Tiwi | Ceramics |
| VI | Iloilo | Maasin | Bamboo |
| VII | Bohol | Inabanga | Woven raffia |
| VIII | Samar | Jiabong | Mussel |
| IX | Zamboanga del Sur | Pagadian City | Seaweed |
| X | Bukidnon | Impasug-ong | High value vegetables |
| XI | | Davao City | Banana chips |
| XII | North Cotabato | Makilala | Banana |
| CARAGA | Agusan del Sur | La Paz | Oil palm |

Source: DTI-ROG

ANNEX C: SCORECARDS

This annex shows the scorecards that shall form part of the monitoring process. Each scorecard presents a 'snapshot' of each of the priority products and key markets specified in this Plan and serves as the baseline for the Plan.

The scorecards contain the following metrics:

- Philippine export performance for the years 2002-2004
- For the product scorecards:
 - o Key markets projected rate of importation
 - o Philippines' target growth rate
 - o Ranking vis-à-vis other ASEAN countries, namely: Malaysia, Indonesia, Thailand, and Vietnam in terms of (a) average growth rate and (b) export value
 - o Markets where the sector has strong growth potential
- For the market scorecards:
 - o Forecasted rate of importation of all products
 - o Philippines' target growth rate
 - o Percentage of Philippine electronics exports
 - o Rank in terms of Philippine total exports

PRODUCT SCORECARDS

| ELECTRONICS | | |
|--|--|---|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 4.81% | 4.41% | 8.90 |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | China, Australia + NZ, India, Canada, EU |
| 3 | 2 | |

| AUTOMOTIVE | | |
|--|--|---|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 23.7% | 5.8% | 16.10% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | Japan, Taiwan, Australia+NZ, ASEAN, EU, Saudi Arabia, US |
| 3 | 1 | |

| MINERALS | | |
|--|--|--|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 14.56% | -2.46% | 31.50% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | China, USA, Japan, Taiwan, Australia+NZ, India, ASEAN, EU, Saudi Arabia, UAE, Canada |
| 5 | 2 | |

| FOOD | | |
|--|--|--|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 9.14% | 0.18% | 10.00% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | China, Japan, Taiwan, Australia+NZ, India, ASEAN, UAE, Saudia Arabia, EU |
| 1 | 5 | |

| MARINE | | |
|--|--|--|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 1.74% | 2.03% | 6.10% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | Taiwan, Australia+NZ, South Korea, Canada, EU, UAE, US |
| 3 | 4 | |

| ORGANICS | | |
|--|--|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 30.99% | 6.44% | 5.00% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | India, UAE |
| 5 | 4 | |

| HOME FURNISHINGS | | | |
|--|-------|--|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| -4.01% | | 5.03% | 5.10% |
| Export Performance Benchmark | | Fast Growing Markets | |
| Ave. Growth Rate | Value | China, India, ASEAN, UAE, Saudi Arabia | |
| 5 | 5 | | |

| GIFTS AND HOLIDAY DECORS | | | |
|--|-------|--|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| -0.37% | | 2.56% | 5.20% |
| Export Performance Benchmark | | Fast Growing Markets | |
| Ave. Growth Rate | Value | China, Australia+NZ, EU, UAE, Saudi Arabia | |
| 5 | 3 | | |

| FASHION GARMENTS | | | |
|--|-------|--|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| -4.93% | | -0.21% | 4.30% |
| Export Performance Benchmark | | Fast Growing Markets | |
| Ave. Growth Rate | Value | Australia+NZ, South Korea, ASEAN, EU, Saudi Arabia | |
| 3 | 3 | | |

| FASHION ACCESSORIES | | |
|--|--|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| -13.72% | 2.54% | 4.30% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | Saudi Arabia, UAE, India |
| 5 | 5 | |

| JEWELRY | | |
|--|--|---|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 7.55% | 5.07% | 4.30% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | China, Australia+NZ, South Korea, ASEAN, EU |
| 3 | 5 | |

| CONSTRUCTION MATERIAL | | |
|--|--|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | Key Markets Import Ave. Growth Rate (Projection) | RP Export Target Ave. Growth Rate |
| 18.755% | 3.60% | 5.00% |
| Export Performance Benchmark | | Fast Growing Markets |
| Ave. Growth Rate | Value | India |
| 2 | 5 | |

MARKET SCOREBOARDS

| ASEAN | | |
|--|---------------------------------|---|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| 11.5% | 3.5% | |
| RP Export Target Ave. Growth Rate | | |
| 7.60% | | |
| % Electronics | Rank (export market) | Fast Growing Markets |
| 73.2 | 3 | Mining, Food, Auto, Home Furnishings, Fashion Garments, Jewelry |

| CHINA | | |
|--|---------------------------------|---|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| 25.8% | 16.7% | |
| RP Export Target Ave. Growth Rate | | |
| 30.00% | | |
| % Electronics | Rank (export market) | Fast Growing Markets |
| 81.0% | 5 | Home Furnishings, GHD, Electronics, Mining, Food, Jewelry |

| JAPAN | | |
|--|---------------------------------|----------------------|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| 23.5% | 8.1% | |
| RP Export Target Ave. Growth Rate | | |
| 20.00% | | |
| % Electronics | Rank (export market) | Fast Growing Markets |
| 63.1% | 1 | Mining, Food, Marine |

| USA | | |
|--|---------------------------------|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| -11.4% | 4.3% | |
| | | RP Export Target Ave. Growth Rate |
| | | 2.87% |
| % Electronics | Rank (export market) | Fast Growing Markets |
| | | Minig, Food, Marine |
| 47.9 | 2 | |

| EU | | |
|--|---------------------------------|---|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| 1.5% | 5.6% | |
| | | RP Export Target Ave. Growth Rate |
| | | 3.73% |
| % Electronics | Rank (export market) | Fast Growing Markets |
| | | Auto, HD, Jewelry, Fashion, Garments, Mining, Marine, Food, Electronics |
| 83.1% | 4 | |

| CANADA | | |
|--|---------------------------------|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| -13.7% | 6.9% | |
| | | RP Export Target Ave. Growth Rate |
| | | 7.50% |
| % Electronics | Rank (export market) | Fast Growing Markets |
| | | Mining, Mining, Electronics |
| 49.0% | 9 | |

| AUSTRALIA and NEW ZEALAN | | | |
|--|----------------------|---|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | | Country Import Ave. Growth Rate | RP Export Target Ave. Growth Rate |
| | | Forecast | |
| 17.4% | | 10.5% | 14.60% |
| % Electronics | Rank (export market) | Fast Growing Markets | |
| | | Electronics, Mining, Food, Marine, Auto, GHD, Fashion Garments, Jewelry | |
| 34.1 | 8 | | |

| TAIWAN | | | |
|--|----------------------|---------------------------------|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | | Country Import Ave. Growth Rate | RP Export Target Ave. Growth Rate |
| | | Forecast | |
| -5.9% | | 2.0% | 7.40% |
| % Electronics | Rank (export market) | Fast Growing Markets | |
| | | Auto, Mining, Food Marine | |
| 85.2% | 6 | | |

| INDIA | | | |
|--|----------------------|---|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | | Country Import Ave. Growth Rate | RP Export Target Ave. Growth Rate |
| | | Forecast | |
| 0.9% | | 10.3% | 13.00% |
| % Electronics | Rank (export market) | Fast Growing Markets | |
| | | Home Furnishing, GHD, Construction, Food, Organic, Mining, Electronics, Fashion Accessories | |
| 45.5% | 15 | | |

| SOUTH KOREA | | |
|--|---------------------------------|-----------------------------------|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| -8.6% | 9.3% | |
| | | RP Export Target Ave. Growth Rate |
| | | 9.80% |
| % Electronics | Rank (export market) | Fast Growing Markets |
| | | |
| 66.5% | 7 | Marine, Jewelry |

| UNITED ARAB EMIRATES | | |
|--|---------------------------------|--|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| 5.1% | 1.7% | |
| | | RP Export Target Ave. Growth Rate |
| | | 8.00% |
| % Electronics | Rank (export market) | Fast Growing Markets |
| | | |
| 17.2% | 13 | Home Furnishing, GHD, Food, Mining, Electronics, Fashion Accessories |

| SAUDI ARABIA | | |
|--|---------------------------------|---|
| RP Export Ave. Growth Rate (2002-2004) | Country Import Ave. Growth Rate | |
| | Forecast | |
| -3.0% | 2.6% | |
| | | RP Export Target Ave. Growth Rate |
| | | 8.7% |
| % Electronics | Rank (export market) | Fast Growing Markets |
| | | |
| 3.3% | 17 | Auto, Home Furnishing, Jewelry, Fashion Accessories, Fashion Garments |

LIST OF ABBREVIATIONS

| | | | |
|-----------|---|------------|---|
| ADB | Asian Development Bank | HACCP | Hazard Analysis Critical Control Point |
| AEC | ASEAN Economic, Security and Socio-cultural Community | ICT | Information and Communications Technology |
| AEDS | Automated Export Documentation System | IDC | Infocom Data & Consulting, Inc. |
| AFTA | ASEAN Free Trade Area | IMF | International Monetary Fund |
| APEC | Asia-Pacific Economic Cooperation | ISO | International Standardization Organization |
| ASEAN | Association of Southeast Asian Nations | ISPS | International Ship and Port Facility Security |
| BDT | Business Development Team | IT | Information Technology |
| BESE | Big Exporter, Small Exporter | JPEPA | Japan-Philippines Economic Partnership Agreement |
| BETP | Bureau of Export Trade Promotion | LGUs | Local Government Units |
| BIMP-EAGA | Brunei-Indonesia-Malaysia-Philippines East-ASEAN Growth Area | MRA | Mutual Recognition Agreements |
| BOC | Bureau of Customs | MS | Master Degree |
| BPO | Business Process Outsourcing | MTPDP | Medium-Term Philippine Development Plan |
| BSP | Bangko Sentral ng Pilipinas | MWLS | Manufacturing Warehouse Liquidation System |
| CBI | Center for the Promotion of Imports from Developing Countries | NAIA | Ninoy Aquino International Airport |
| CBO | Congressional Budget Office | NCMT | National Cluster Management Team |
| CBUs | Completely Built-Up Units | NCR | National Capital Region |
| CEPT | Common Effective Preferential Tariff | NEDA | National Economic and Development Authority |
| CHED | Commission on Higher Education | NGA | National Government Agencies |
| CITEM | Center for International Trade Expositions and Missions | NGO | Non-government Organization |
| CNFIDP | Comprehensive National Fisheries Industry Development Plan | NSO | National Statistics Office |
| CRM | Customer Relationship Management | ODA | Overseas Development Assistance |
| DA | Department of Agriculture | ODM | Original Design Manufacturing |
| DBM | Department of Budget and Management | OEM | Original Equipment Manufacturing |
| DECA | Defense Commissary | OFI | Overseas Filipino Investors |
| DENR | Department of Environment and Natural Resources | OFW | Overseas Filipino Workers |
| DFA | Department of Foreign Affairs | OSEDC | One-Stop Export Documentation Center |
| DILG | Department of Interior and Local Government | OTOP | One Town, One Product Program |
| DLR | Department of Land Reform | PD | Presidential Decree |
| DOE | Department of Energy | PEDP | Philippine Export Development Plan |
| DOH | Department of Health | PEZA | Philippine Economic Zone Authority |
| DOJ | Department of Justice | PhD | Doctor of Philosophy |
| DOLE | Department of Labor and Employment | PHILEXPORT | Philippine Exporters Confederation, Inc. |
| DOST | Department of Science and Technology | PIS | Priority Integration Sectors |
| DOT | Department of Tourism | RA | Republic Act |
| DTI | Department of Trade and Industry | RDC | Regional Development Council |
| EAI | Enterprise for ASEAN Initiative | ROG | Regional Operations Group |
| EDA | Export Development Act | RP | Republic of the Philippines |
| EDC | Export Development Council | SARS | Severe Acute Respiratory Syndrome |
| EIU | Economist Intelligence Unit | SEIPI | Semiconductor and Electronics Industries of the Philippines, Inc. |
| EMS | Electronics Manufacturing Services | SME | Small and Medium Enterprise/Exporter |
| EO | Executive Order | SPS | Sanitary and Phytosanitary Standards |
| EU | European Union | SULONG | SME Unified Lending Opportunities for National Growth |
| ExCom | Executive Committee | SUV | Sports Utility Vehicle |
| FDIs | Foreign Direct Investments | TESDA | Technical Education and Skills Development Authority |
| FOB | Freight on Board | TEZA | Tourist Enterprise Zone Authority |
| FTA | Free Trade Agreement | TIC | Trade and Investment Council |
| GAA | General Appropriations Act | TIFA | Trade & Investment Framework Agreement |
| GATS | General Agreement on Trade in Services | TREATI | Trans-Regional EU-ASEAN Trade Initiative |
| GDP | Gross Domestic Product | TVET | Technical Vocational Education and Training |
| GFI | Government Financing Institutions | UAE | United Arab Emirates |
| GHD | Giftware and Holiday Decors | UK | United Kingdom |
| GMP | Good Manufacturing Practices | USA | United States of America |
| GNP | Gross National Product | WB | World Bank |
| | | WTO | World Trade Organization |

END NOTES

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- ² ASEAN Surveillance Coordinating Unit database; PC-TAS; Trademap; International Financial Statistics, IMF
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- ²¹ The document signed by RP and US in 1989 entitled "UNDERSTANDING Between the Government of the United States of America and the Government of The Republic of the Philippines Concerning a Framework of Principles and Procedures and the Establishment of a Consultative Mechanism for the Expansion of Trade and Investment Flows between the Two Countries" is officially recognized as the first TIFA by the United States with an ASEAN country.
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- ²⁴ Centre for the Promotion of Imports from developing countries (CBI) compiled by Facts Figures Future, EU Market Survey, Computer software and IT services Study, May 2004, <http://www.cbi.nl/show.php?file=show_summary.html&id=2603>, (1 March 2005) p. 5
- ²⁵ Ibid., p. 5
- ²⁶ "HALAL" is a Quranic term, which means lawful or permitted. Sometimes it is translated as acceptable or not forbidden. The Holy Quran states that eating Halal is obligatory. The opposite of Halal is "Haram", which means unlawful or prohibited. Haram food and drinks are absolutely prohibited. The terms Halal and Haram are used to describe food products, cosmetics, personal care products, food ingredients, beverages, and food contact materials.
- ²⁷ Agriculture and Agri-Food Canada, Halal Food Products Market Report, Jan 1, 2002, <<http://atn-riae.agr.ca/info/africa/e3281.htm>>, (6 February 2003); Dr. Haji Mohamed Sadek, "Seminar on Food Security From the Islamic Perspective", Marketing Niche for Halal Food Supply: Framework for the Establishment of an International Halal Food Market Session II, May 29-30 2001, p. 1.
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- ²⁹ "KOSHER" is a Hebrew word that means "clean, fit or proper". The term is generally used to describe (a) food products that are prepared in accordance to special Jewish dietary laws, and the (b) place where food is prepared and sold. Jewish people have observed Kosher law for over 3,000 years. Food is Kosher only if it has been

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- ⁴⁰ NEDA, Medium-Term Philippine Development Plan 2004 – 2010, pp. 69, 73
- ⁴¹ Ibid., p. 70⁴² NEDA, Medium-Term Philippine Development Plan 2004 – 2010, p. 71
- ⁴³ Ibid. p. 72
- ⁴⁴ Revised curriculum to be implemented after 1 to 2 years.
- ⁴⁵ Implementation of revised curriculum to be implemented after 1 to 2 years
- ⁴⁶ Annual events
- ⁴⁷ Annual events

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